

**UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK**

	X	
	:	
In re	:	Chapter 11 Case No.
	:	
SEARS HOLDINGS CORPORATION, <i>et al.</i> ,	:	18-23538 (RDD)
Debtors. <sup>1</sup>	:	
	:	(Jointly Administered)
	:	
	X	

**DECLARATION OF NADER TAVAKOLI IN SUPPORT  
OF TRANSFORM HOLDCO LLC'S BRIEF IN SUPPORT OF  
THE ADVERSARY COMPLAINT AND IN OPPOSITION TO DEBTORS'  
SUPPLEMENTAL MOTION TO ENFORCE THE ASSET PURCHASE AGREEMENT**

I, Nader Tavakoli, declare under penalty of perjury as follows:

1. I respectfully submit this declaration ("Declaration") in support of Transform Holdco LLC's Brief in in Support of the Adversary Complaint and in Opposition to Debtors' Supplemental Motion to Enforce the Asset Purchase Agreement.

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<sup>1</sup> The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, are as follows: Sears Holdings Corporation (0798); Kmart Holding Corporation (3116); Kmart Operations LLC(6546); Sears Operations LLC(4331); Sears, Roebuck and Co. (0680); Service Live Inc. (6774); A&E Factory Service, LLC (6695); A&E Home Delivery, LLC (0205); A&E Lawn & Garden, LLC (5028); A&E Signature Service, LLC (0204); FBA Holdings Inc. (6537); Innovel Solutions, Inc. (7180); Kmart Corporation (9500); Max Serv, Inc. (7626); Private Brands, Ltd. (4022); Sears Development Co. (6028); Sears Holdings Management Corporation (2148); Sears Home & Business Franchises, Inc. (6742); Sears Home Improvement Products, Inc. (8591); Sears Insurance Services, L.L.C. (7182); Sears Procurement Services, Inc. (2859); Sears Protection Company (1250); Sears Protection Company (PR) Inc. (4861); Sears Roebuck Acceptance Corp. (0535); Sears, Roebuck de Puerto Rico, Inc. (3626); SYW Relay LLC (1870); Wally Labs LLC (None); Big Beaver of Florida Development, LLC (None); California Builder Appliances, Inc. (6327); Florida Builder Appliances, Inc. (9133); KBL Holding Inc. (1295); KLC, Inc. (0839); Kmart of Michigan, Inc. (1696); Kmart of Washington LLC (8898); Kmart Stores of Illinois LLC (8897); Kmart Stores of Texas LLC (8915); My Gofer LLC (5531); Sears Brands Business Unit Corporation (4658); Sears Holdings Publishing Company, LLC. (5554); Sears Protection Company (Florida), L.L.C. (4239); SHC Desert Springs, LLC (None); SOE, Inc. (9616); Star West, LLC (5379); STI Merchandising, Inc. (0188); Troy Coolidge No. 13, LLC (None); BlueLight.com, Inc. (7034); Sears Brands, L.L.C. (4664); Sears Buying Services, Inc. (6533); Kmart.com LLC (9022); SHC Licensed Business LLC (3718); SHC Promotions LLC (9626); and Sears Brands Management Corporation (5365).

2. I have more than 30 years of financial services related experience, including substantial experience with the operational and financial restructuring of distressed companies. Among other executive roles, I have served as CEO and Board Chair of public and private companies, and currently serve as Trustee or Plan Administrator of TRU Taj Trust (the successor in interest of Toys R Us European and Australian assets), Cobalt International Energy Inc., and MF Global Inc. I am the Chairman and Chief Executive of Global Restructuring Advisors, LLC (“GRA”), which provides restructuring related management and advisory services.

3. After Transform Holdco LLC (“Transform”) purchased substantially all of the businesses and assets of Sears Holdings Corp. (“SHC”) and its affiliated debtors and debtors in possession (collectively, the “Debtors” and, together with their non-Debtor affiliates, “Sears” or the “Company”), pursuant to section 363(b) of title 11 of the United States Code, Transform engaged GRA to assist with, among other things, the collection of certain receivables identified in the Asset Purchase Agreement (“APA”) as “Specified Receivables.” After beginning this collection process, my team and I learned that the data provided by the Debtors frequently lacked readily accessible and sufficient vendor-by-vendor detail, including because Debtors used multiple accounting systems to account for receivables. In order to work with vendors and other counterparties to collect the receivables, it ultimately became necessary to carry out manually a reconciliation process to identify and substantiate which of the entries referred to as the Specified Receivables represent actual, valid accounts receivable that are potentially collectable. This process has proved to be extremely complex, particularly because certain accounts included thousands of vendors and hundreds of thousands of lines of accounting entries, from a number of different accounting systems that do not store data in the same manner and do not communicate with one another. I have supervised a team that has engaged directly with these data sources and

company management to manually reconcile the amount of Specified Receivables that reflect actually valid receivables. Since Closing, GRA has devoted in excess of 1,500 hours to this immensely complex process.

4. Section 2.1(d) of the APA obligated the Debtors to deliver at Closing to Transform “All Acquired Receivables,” including Specified Receivables. The APA defines Specified Receivables as “the accounts receivable set forth on Schedule 1.1(k),” which itself refers to Annex 11. Annex 11 identified a list of over 30 accounts or categories with amounts ascribed to each of them, together totaling \$255.2 million. See Exhibit A, attached hereto, which is a true and correct copy of Annex 11. The APA defines the Specified Receivables Shortfall Amount as “an amount equal to \$255,200,000 less the amount of the Specified Receivables delivered to Buyer at Closing.”

5. At Closing, the Debtors purport to have delivered \$292 million of Specified Receivables. See Exhibit B, attached hereto, which is a true and correct copy of a schedule reflecting the purported Specified Receivables delivered at Closing. However, for the reasons detailed below, GRA has identified at least \$86 million of the purported \$292 million in Specified Receivables that are not actual, valid receivables, including \$12.3 million of purported receivables that were already collected by the Estate prior to the Closing. Consistent with those findings, despite its efforts to date, Transform has been able to collect only \$85.4 of the \$292 million in purported Specified Receivables delivered at Closing.

6. At least \$57.4 million of the invalid receivables identified by GRA are contained in the two largest categories of purported Specified Receivables: General Ledger (“G/L”) Account Number 11482, which reflected purported receivables from Kmart vendors, and G/L Account Number 11488, which reflected purported receivables from Sears vendors (together, the

“Vendor AR Accounts”). The Debtors purport to have delivered \$83.6 million in respect of Account Number 11482 at Closing and \$75.7 million in respect of Account Number 11488 at Closing.

7. Account Numbers 11482 and 11488 contained certain true receivables for items such as vendor allowances, returns and compliance claims. However, a substantial portion of these accounts are also comprised of purported receivables that resulted from transactions related to cash-in-advance (“CIA”) payments of which a significant portion was related to inventory (*i.e.*, inventory for which payment must be made when it is ordered) that had already been received by the Estate prior to Closing.

8. As detailed further below, the Vendor AR Accounts generally record positive balance entries for payments made for CIA inventory. Once that inventory is received, those entries are intended to be reconciled with the amount of received inventory. To the extent all the inventory is received, the positive balance entry should be removed from the AR balance. However, for the reasons described below, substantial entries for payments made in respect of CIA inventory were not reconciled as intended. As a result, while inventory was received, the positive AR balances in respect of the payments made for that inventory were not reconciled, and remained in Account Numbers 11482 and 11488, substantially inflating the amount of purported receivables represented by these accounts.

9. The Vendor AR Accounts were intended to function in the following manner in respect of orders placed for CIA inventory:

- Upon release of the funds to the vendor for the CIA payment, the Accounts Payable area had to create a manual entry into the Sears AP systems (“Vendor AP Accounts”) to record the CIA payment, *i.e.*, a negative entry would be reflected in

the account, to indicate that Debtors stood to receive inventory in the amount of the debit.

- The value reported in each Vendor AR Account reflects the vendors with a negative net balance in the Vendor AP Account. As described below, at month (or financial reporting period) end this net balance is transferred from the Vendor AP Account to the Vendor AR Account and then reduced by the amount of payments made for CIA inventory in the prior three weeks; this reduction was called the “Prepaid Reclass.”
- Once the CIA inventory for which a debit entry was created was physically received, Debtors expected to be provided with an invoice by the vendor reflecting the amount of inventory delivered in respect of the payment made to that vendor.
- The invoice amount, reflecting the actual amount of inventory delivered, would then be credited against the amount debited to the Vendor AP Account in respect of the payment made to the CIA vendor. That is, the debit entry reflecting the amount of CIA inventory due to the company would be reduced by the amount of inventory received for which an invoice was provided to the company.
- At month-end, the net amount of the Vendor AP Account, reflecting the amount of payments made for CIA inventory as reduced by invoices received associated with those payments, in addition to other amounts such as the true receivables for cash described below, would be reported as the gross amount of the associated Vendor AR Account.

- As indicated above, this gross amount would be reduced by the Prepaid Reclass, the trailing three weeks of payments for CIA inventory that Debtors used as a rough approximation of the amount of CIA inventory on order at a given time, under the assumption that it took CIA inventory on average three weeks to be delivered from the payment date. The amount of the Prepaid Reclass would be reclassified at month-end to the Debtors' balance sheet as the amount of prepaid inventory on order at that point in time.
- The net amount of the Vendor AR Account (*i.e.*, the gross amount taken from the Vendor AP Account, as reduced by the amount of Prepaid Reclass) would then be reported on the Debtors' balance sheet as a purported accounts receivable. This is the amount that is reflected in Account Numbers 11482 and 11488.

10. As noted above, some of the negative entries in the Vendor AP Accounts that fed into the Vendor AR Accounts reflected true receivables for cash owed by vendors to Debtors. These receivables included, among other things, returns of damaged or faulty goods, vendor allowances, short shipments, and compliance claims. However, significant portions of the Vendor AR Accounts are accounting entries in respect of CIA inventory (and services) that are not actual accounts receivables. Due to delays in receiving and entering invoices for already-received CIA inventory, large portions of the Vendor AR Accounts at Closing reflected purported receivables for CIA inventory (and even services) that *had already been received before Closing*. This had three principal causes.

- First, an invoice would not be matched against and reduce the Vendor AR Account balance until the receipt of *all* of the inventory (and associated invoices) for a given CIA inventory payment. For example, if \$95 out of \$100 of inventory

was received and not matched to an invoice(s), and all other things being equal, the Vendor AR Account balance would still reflect an AR balance of \$100, even though there was already \$95 of received inventory.

- Second, after Sears filed for bankruptcy, certain vendors on CIA payment terms simply did not provide invoices to the Debtors after delivery of inventory. As a result, the Vendor AR Account balances for these vendors would grow by the amount of payments made for CIA inventory, but would not be reduced by the receipt of that inventory, meaning those Vendor AR Account balances reflected already-received inventory.
- Third, certain vendors had multiple “DUNS” numbers—*i.e.*, a unique numeric identifier for the vendor or separate business units within that vendor’s business group—in the accounting systems that contained the Vendor AR and AP Accounts. When a wire for CIA inventory was issued, that payment would be reflected in only one of the DUNS numbers—meaning it would show a positive Vendor AR Account balance. However, the actual inventory, when received, would be allocated to multiple DUNS numbers. Thus, for example, if a particular vendor had four DUNS numbers (1, 2, 3, and 4), a \$100 payment for CIA inventory might have been allocated to only DUNS 1, which would show a positive Vendor AR Account balance of \$100 (all other things being equal and assuming no Prepaid Reclass in the reporting period). However, the inventory and associated invoices, once received, in some cases were allocated proportionally to each of the DUNS numbers, meaning DUNS 1 would continue

to show a positive Vendor AR Balance of \$75, even though all of the inventory for the \$100 CIA inventory payment had already been received by Debtors.

11. As a consequence of the foregoing, a substantial portion of the Vendor AP Accounts, and therefore the associated Vendor AR Accounts, are debit entries for CIA inventory that had already been received by Debtors as of Closing and were not appropriately recorded as accounts receivable and should not have been included in the purported accounts receivables that Debtors delivered at Closing as “Specified Receivables.”

12. To quantify the amount of Account Numbers 11482 and 11488 at Closing that reflected already-received CIA Inventory, my team and I engaged in a complex reconciliation process based on conversations with company management and information obtained from the company’s accounting systems. In particular, the complexity of the reconciliation process was compounded because the data provided by the Debtors frequently lacked readily accessible and sufficient vendor-by-vendor detail and because Account Numbers 11482 and 11488 reflected thousands of individual vendor balances and hundreds of thousands of lines of accounting entries, made in a wide array of disparate accounting systems by a variety of personnel throughout the Debtors’ business units. GRA engaged in the following process to reconcile these accounts:

- Transaction level detail was provided by Sears management for Account Numbers 11482 and 11488, providing the total receivable balance for each vendor account as of February 6, 2019, broken down by DUNs number (*i.e.*, a unique numeric identifier for a single business entity).
- The total receivable amount for each DUNs number was then broken down into pre-petition and post-petition accounts receivable, and filtered to exclude CIA



inventory payments made in the three weeks prior to Closing (i.e., the Prepaid Reclass), yielding the net accounts receivable for each DUNs number.

- For the net accounts receivable, my team and I used the company's "Trans Code" identifier to determine the composition of each vendor receivable balance. The Trans Code identifier was used to differentiate transaction-types by particular codes. My team identified all of the Trans Codes associated with receivables owed by vendors to Debtors at Closing, for the reasons outlined above (*i.e.*, vendor allowances, returns, compliance claims, etc.). These were summed for a given vendor receivable balance to determine the potential valid accounts receivable.
- Any other Trans Code entries, because they are not for cash, would largely reflect already-received inventory, for the reasons described above. As a result, for a given vendor balance, any amounts not representing potential valid accounts receivable based on the process described in the preceding paragraph were determined to be related to CIA inventory.

13. An example of this methodology is illustrated by Clorox Sales Company, one out of the 4,642 vendor accounts in Account Number 11482. Sears management provided account level detail, including a \$2,422,253 post-petition accounts receivable balance and a Prepaid Reclass amount of \$168,563; subtracting the Prepaid Reclass from the accounts receivable balance yields a net accounts receivable of \$2,253,600. Within the account level detail, Trans Codes and invoice number coding were reviewed to identify transactions associated with cash receivables owed by the vendor to Debtors at Closing. These valid receivables include: vendor allowances of \$43,825; compliance claims of \$38,343, and goods returned or destroyed of \$162.

Accordingly, the review process yielded a total potential valid accounts receivable of \$82,330. Because only the above amounts are actual cash receivables, the balance (\$2,171,270) relates to CIA inventory.

14. To date, GRA has prioritized the reconciliation of the largest of the purported Specified Receivables. Accordingly, as to Account Number 11482, \$46.2 million of the \$83.6 million net balance has been reconciled, representing 71 out of 4,642 vendors. As to Account Number 11488, \$56.2 million of the \$75.7 million net balance has been reconciled, representing 21 out of 2,582 vendors.

15. The reconciliation of Account Numbers 11482 and 11488 completed to date has yielded the following results. As to Account Number 11482, of the \$46.2 million in receivables reconciled, \$14.2 million of validated receivables have been identified, while the remainder of \$32.1 million in purported receivables have been determined to be amounts in respect of CIA inventory that was already received by Debtors as of the Closing. See Exhibit C, attached hereto, which is a true and correct copy of the Excel file documenting the account receivables in Account Number 11482. As to Account Number 11488, of the \$56.2 million in receivables reconciled, \$30.9 million of validated receivables have been identified, while the remainder of \$25.3 million in purported receivables have been determined to be amounts in respect of CIA inventory that was already received by Debtors as of the Closing. See Exhibit D, attached hereto, which is a true and correct copy of the Excel file documenting the account receivables in Account Number 11488. Thus, a total of \$57.4 million of Accounts 11482 and 11488 have been determined to be invalid receivables. Reconciliation work is ongoing as to the vendors that have not yet been validated, which is expected to further increase the amount of invalid receivables in these accounts.

16. Because the other purported Specified Receivables accounts did not have the same composition as Account Numbers 11482 and 11488 (including because they did not reflect a large number of vendor balances, each of which needed to be separately reconciled with information from a variety of data sources), GRA used a different methodology to reconcile these other accounts. In particular, GRA contacted account owners to ask for the following items: account reconciliations as of February 2 and April 2, 2019; total payments received, in relation to the receivable amount defined in the APA; total payments received prior to and after Closing; a listing of bank accounts in which payments were booked and/or received, and associated amounts; amounts deposited into Estate accounts and Transform accounts; and a listing of any portion of the receivable outlined in the APA that is non-collectible and why. Because certain non-vendor serving accounts are not broken down by vendor or DUNs number, these additional accounts were reviewed and validated on an aggregate basis.

17. While GRA has yet to review all of the other Specified Receivables accounts using the methodology described in the preceding paragraph, we have identified \$28.6 in invalid receivables (which includes \$12.3 million collected by the Estate prior to Closing) in addition to the \$57.4 million of invalid receivables in respect of already-received CIA inventory. The following are examples of these additional invalid accounts receivable in the purported Specified Receivables that Debtors delivered at Closing:

- G/L Account Number 11482: An approximately \$3.8 million accounts receivable balance purportedly owed to Debtors by their counsel, Weil Gotshal & Manges LLP (“Weil”). Approximately \$2.8 million of this amount is prepayment for services that Weil had already rendered as of the Closing but for which Weil had not submitted invoices, meaning a balance remained in the accounts receivable account. On January

29, 2019, Weil was asked via email to pay the amount of this receivable, but has not done so. See Exhibit E, attached hereto, which is a true and correct copy of this email correspondence.

- G/L Account Number 11300: On May 17, 2019, Anindya Pal (Head - Finance & Procurement, Admin, Payroll Operations) confirmed that a \$9,993,071 accounts receivable balance relates to an intercompany transaction between Sears India entities and Sears Holding Management Corporation (“SHMC”) and thus is not a valid receivable because it does not relate to any external third party receivables. See Exhibit F, attached hereto, which is a true and correct copy of this email correspondence.
- G/L Account Number 11395: A \$8,870,520 accounts receivable balance represents an intercompany receivable between Sears and Sears Home Outlet (“SHO”) that was paid prior to February 11, 2019 and is thus an invalid receivable. On May 14, 2019, Jennifer Joye from the Treasury group confirmed that two wires were received in account 4451056722 from SHO: on February 6, 2019, it received \$6,870,520, and on February 7, 2019 it received \$2,000,000. See Exhibit G, attached hereto, which is a true and correct copy of this email correspondence.
- G/L Account Number 11129: A \$2,111,549 accounts receivable balance was identified relating to customer claim receivables from Sears Home Services for services performed on appliances. These receivables were confirmed to have been received between February 1 and February 8, 2019 and deposited in a Sears Roebuck National Claims Center account at Bank of America, but were not recorded in a timely manner. See Exhibit H, attached hereto, which is a true and correct copy of the Excel file documenting these receivables.

- G/L Account Number 11300-09987: On June 14, 2019, Ken Corbat (Director, Account Services – A/P, A/R, Pharmacy) confirmed that the \$1,876,400 of accounts receivable reflected in this account as of Closing were not valid because this particular account is a pass-through account housing funds that will ultimately be transferred to the correct account. See Exhibit I, attached hereto, which is a true and correct copy of this email correspondence.
- G/L Account Number 11475: A \$1,342,704 accounts receivable balance relates to intercompany transactions or pre-paid balances, and is therefore not a valid receivable. See Exhibit J, attached hereto, which is a true and correct copy of this email correspondence. In addition, on May 24, 2019, Keith Stopen from the accounting group confirmed that \$252,861 (of the \$1,342,704) was from a prepaid account and should not have been treated as a valid receivable. See Exhibit K, attached hereto, which is a true and correct copy of this email correspondence.
- G/L Account Number 11130: On May 9, 2019, Andrea Anderson (Manager, Business Controller – Vendor Allowances, Financial Services, & Marketing) confirmed that a wire in the amount of \$902,925.44 was received by Sears on February 7, 2019. See Exhibit L, attached hereto, which is a true and correct copy of this email correspondence.
- G/L Account Number 11482: A \$503,451 accounts receivable balance was identified in respect of vendor Mars Petscare (DUNs Number 8285991). On June 11, 2019, Dawn Holter (Manager, Business Controller) confirmed that the balance was received on December 21, 2018 into a temporary account for unapplied cash. See Exhibit M, attached hereto, which is a true and correct copy of this email correspondence.

Accordingly, the received funds had not been recorded against the Mars Petcare vendor detail as of February 11, 2019.

- G/L Account Number 15340: On May 30, 2019, Patricia Drilling (Director, Accounting Services) confirmed that \$160,918.07 of monies owed by Western Union to Sears were received prior to Closing on February 11, 2019: \$120,181.78 was received on February 5, 2019 and \$40,736.29 was received on February 4, 2019. The remaining difference (\$143.99) represents the variance between what the store recorded (as paid to the customer) and the amount reimbursed by Western Union, which was recorded in the “over / short P&L account” (G/L Account Number 56110). See Exhibit N, attached hereto, which is a true and correct copy of this email correspondence.

18. Based on the above methodologies, GRA has concluded that at least \$86 million of the \$292 million in purported Specified Receivables delivered at Closing was not actually accounts receivable at Closing. As detailed above, the \$86 million is composed of the \$57.4 million of invalid receivables in respect of already-received CIA inventory and \$28.6 in other invalid receivables. GRA’s efforts to validate the true amount of accounts receivables in the purported Specified Receivables delivered at Closing are ongoing. However, I note that despite over four months having elapsed since Closing, and despite substantial collection efforts by GRA, Transform, and its other advisors, Transform has collected only \$85.4 million of the \$292 million in purported Specified Receivables.

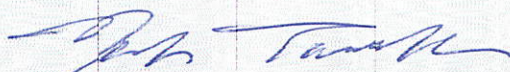
\* \* \*

Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing is true and correct to the best of my knowledge, information, and belief.

Executed on June 26, 2019 in New York, NY.



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Respectfully submitted,

A handwritten signature in blue ink, appearing to read 'Nader Tavakoli', is written over a horizontal line.

Nader Tavakoli



# **Exhibit A**



(\$ in millions)

Assumed Vendor Receivables	
Account Name	Amount
A/P Vendor Reclass Post	\$52.6
Return Merchandise Receivable	59.9
A/R Customer Receivables	41.5
Sho Receivable Inv/Pa/Spp	34.7
Wholesale A/R Receivables	22.8
A/R Ncc-Oem	10.3
09987 Sears One Card Clearance	6.3
08500 Finance Related Exp	6.8
Csi Receivable	0.0
A/R Citi Other Receivables	5.8
A/R Wex Commercial Credit	3.4
A/R - Other Companies	3.5
A/R New Account Bounty	2.7
A/R Credit Sales Revenue	2.5
A/R Ncc-Ae	2.8
Parts Direct	2.3
A/R - Merchandise Allowance	2.1
A/R Vendor Allowance - Import	1.7
A/R - Sub-Tenants	1.9
A/R - Coupons	1.0
A/R - Store Receivable	1.3
Why Not Lease It Receivable	0.6
A/R 3Rd Party Retail Installat	0.6
Accrued Over/Shortages	0.5
A/R - Freight Claims	0.5
A/R Wu Wire Transfer Payout	0.2
A/R - Wic	0.2
A/R - Loans And Advances	0.1
Service Contracts Pa	0.1
A/R - Bad Checks	0.1
All Other Recievables	30.0
<b>Total Available Receivables<sup>1</sup></b>	<b>\$255.2</b>

1. Net of Allowance for Bad Debt

# **Exhibit B**

As of 2/11/19

Account	Amount
A/P Vendor Reclass Post	\$ 83,576,446
Return Merchandise Receivable	75,714,508
A/R Customer Receivables	33,845,634
Sho Receivable Inv/Pa/Spp	16,603,708
Wholesale A/R Receivables	10,629,749
A/R Ncc-Oem	11,640,613
08500 Finance Related Exp	7,342,207
Csi Receivable	2,412,448
A/R Citi Other Receivables	9,109,685
A/R Wex Commercial Credit	3,773,956
A/R - Other Companies	2,310,411
A/R New Account Bounty	1,909,512
A/R Credit Sales Revenue	1,502,675
A/R Ncc-Ae	4,503,267
Parts Direct	1,991,842
A/R - Merchandise Allowance	2,877,910
A/R Vendor Allowance - Import	1,602,047
A/R - Sub-Tenants	2,809,646
A/R - Coupons	1,126,930
A/R - Store Receivable	285,459
Why Not Lease It Receivable	494,116
A/R 3rd Party Retail Installat	392,519
Accrued Over/Shortages	124,372
A/R - Freight Claims	384,171
A/R Wu Wire Transfer Payout	161,067
A/R - Wic	-
A/R - Loans And Advances	34,369
Service Contracts Pa	-
A/R - Bad Checks	93,728
All Other Recievables	67,018,211
0% Finance (Nets 11330/1)	(2,959,563)
Allowance For Bad Debt	(51,099,413)
Sears One Card Clearance	1,870,952
<b>Total</b>	<b>\$ 292,083,182</b>

# **Exhibit C**

Transform Holdco LLC

Privileged & Confidential - Prepared at Request of Counsel

A/R Validation

Account 11482 Validation

Specified A/R Schedule	
Total Net A/R	\$ 83,576,446
Total validated A/R	46,255,533
Total Balance not yet validated	37,320,913

Total A/R Validated	46,255,533
Potentially Valid A/R	13,734,378
A/R Related to Prepaid Inventory <sup>(1)</sup>	\$ 32,521,155

Average % of Collectible A/R	33%
Average % of Total A/R related to Prepaid Inventory <sup>(2)</sup>	67%

(1) After calculating the potentially valid A/R balance, it is assumed that any remaining balance is related to prepaid inventory.

(2) For the remaining unanalyzed balance, the average % of A/R related to prepaid inventory for analyzed vendors was taken and applied to the unanalyzed balance.

THE REMAINDER OF THIS  
SPREADSHEET IS  
REDACTED PURSUANT TO  
7/2/2019 COURT ORDER  
DOCKET #4420

# **Exhibit D**

Transform Holdco LLC

Privileged & Confidential - Prepared at Request of Counsel

Summary - Sears

Draft version | Work in progress |

		<i>% of Total</i>
Total A/R Reviewed	\$ 76,391,885	80.7%
Total Remaining to Review	18,283,144	19.3%
Total Net A/R	\$ 94,675,030	100.0%

		<i>% of Total</i>
CIA related	\$ 43,911,392	57.5%
Validated Net A/R	32,480,493	42.5%
Total A/R Reviewed	\$ 76,391,885	100.0%

Average of all % Validated A/R / Total Reviewed Net A/R

18.0%\*

\*This percentage was utilized to extrapolated potential A/R to all other remaining to be reviewed net A/R. Excludes LG and any vendors with zero CIA balances.

Average of all % Prepaid CIA Inventory / Total Reviewed Net A/R

82.0%

Category	Bat No*
CIA	225
	115
Compliance	230
Cost Claims	276
Credit Memo	300
Debit Memos	375
	270
	271
	425
	440
	578
	585
	570
Invoice	571
Misc	888
Pricing Claim	275
Pricing Reversals	350
	251
Quantity claims	250
	1
Returns	6
SQC Reversals	325
	231
	235
Subsidy	236
Unknown	237

\* See referenced column in each vendor support tab. Based on the code provided, the category was assigned to each line item, unless indicated otherwise by Sears /



THE REMAINDER OF THIS  
SPREADSHEET IS  
REDACTED PURSUANT TO  
7/2/2019 COURT ORDER  
DOCKET #4420

# **Exhibit E**

**From:** HE\_B5\_119A\_DO\_NOT\_REPLY@searshc.com  
**To:** [Eichner, Jeffrey](#)  
**Subject:** Attached Image  
**Date:** Tuesday, January 29, 2019 1:05:35 PM  
**Attachments:** [4528\\_001.pdf](#)

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**UNBILLED AMOUNTS**

**August 16-31**

<b><u>C/M#</u></b>	<b><u>Matter Name</u></b>	<b><u>WIP Amount</u></b>
73219.0004	RPT Committee	\$5,300.20
73219.0006	Strategic Planning Committee	\$15,495.05
73219.0007	Real Estate Subcommittee/real estate transactions	\$139,978.47
73219.0008	Special Committee	<u>\$836,605.94</u>
		<b>\$997,379.66</b>

**September 1-30**

<b><u>C/M#</u></b>	<b><u>Matter Name</u></b>	<b><u>WIP Amount</u></b>
73219.0004	RPT Committee	\$10,530.90
73219.0006	Strategic Planning Committee	\$94,412.10
73219.0007	Real Estate Subcommittee/real estate transactions	\$77,898.87
73219.0008	Special Committee	<u>\$1,619,164.70</u>
		<b>\$1,802,006.57</b>

**TOTAL UNBILLED AMOUNTS:** **\$2,799,386.23**

# Exhibit F



Noemi McAndrews <noemcandrews@gmail.com>

## 11300 A/R - Miscellaneous \$9.93M

2 messages

**Noemi McAndrews** <noemcandrews@gmail.com>  
To: Atul.Ranade@searshc.com  
Cc: William Jacobs <jacobsw123@gmail.com>

Wed, May 15, 2019 at 3:02 PM

Good afternoon Atul,

I am part of the team that is working on the Specified Receivables tracking/collection under Nader Tavakoli. Your name was shared to us (Bill Jacobs and me) as we are trying to get a status on the above AR. According to the records at the time of the purchase on 2/11 there was a balance of \$9.93M, which was included, that falls under your responsibility.

Below is the information that we required to complete our analysis of these receivables.

- 1- Account reconciliations for Period 12 of 2018 and Period 3 of 2019
- 2- Total payment received so far
- 3- Breakdown of these payments between 2/11 prior and 2/11 after
- 4- Bank accounts (last 4 digits) where these payments were booked or received
- 5- How much of the payments went into the Estate account and how much went into the Transform account?
- 6- Is any portion of this AR that will not be collected along with the reason?

Feel free to reach out to me if you have any questions or concerns. Your prompt attention to this matter is greatly appreciated.

Regards,  
**Noemi McAndrews,**  
**GRA, LLC.**  
[noemcandrews@gmail.com](mailto:noemcandrews@gmail.com)  
**201-543-3646**

**Pal, Anindya** <Anindya.Pal@searshc.com> Fri, May 17, 2019 at 12:16 AM  
To: "noemcandrews@gmail.com" <noemcandrews@gmail.com>  
Cc: "jacobsw123@gmail.com" <jacobsw123@gmail.com>, "Ranade, Atul" <Atul.Ranade@searshc.com>, "Yi, Kuk" <Kuk.Yi@searshc.com>

Noemi

Stepping in along with Atul to provide you the response.

To give you a quick background of the entity relationship, the balances refer to the intercompany transactions between Sears India entities and Sears Holding Management Corporation (SHMC). So these do not relate to any external third party receivables. Having said that please find below our responses to your queries

1- Account reconciliations for Period 12 of 2018 and Period 3 of 2019

- attached

2- Total payment received so far

- payment received so far as of 16 May 2019 – US\$ 6,688,862

3- Breakdown of these payments between 2/11 prior and 2/11 after

- all payments received after 2/11

4- Bank accounts (last 4 digits) where these payments were booked or received

- Bank of America A/c 9026 and A/c 0020

5- How much of the payments went into the Estate account and how much went into the Transform account?

- As mentioned the Sears India entities are the 100% subsidiaries of the Sears Holdings which has been agreed to be transferred on to Transform. Hence all the bank accounts of the Sears India entities are now part of the Transform hence has been received in Transform account

6- Is any portion of this AR that will not be collected along with the reason?

- As these are intercompany dues all the AR will be settled in due course.

We had been using GL 11300 being for accounting of our intercompany ARs. With effect from Feb 2019 (i.e. Period 1 2019) we have changed this accounting and now our receivables are booked in GL 15150. Please do let us know in case any other information is required.

Thanks and regards

Anindya

Head - Finance & Procurement, Admin, Payroll Operations

Sears IT & Management Services India Private Limited

CIN - U74900PN2009FTC134832

EON Free Zone, Cluster - D, 4th Floor, Wing 2

MIDC Kharadi Knowledge Park, Pune - 411 014

Office: + 91 20 71754500

---

**From:** Ranade, Atul

**Sent:** Thursday, May 16, 2019 8:41 AM

**To:** Pal, Anindya <[Anindya.Pal@searshc.com](mailto:Anindya.Pal@searshc.com)>

**Subject:** FW: 11300 A/R - Miscellaneous \$9.93M

Need help in responding.

Thanks & Regards,

Atul

This message and its contents (to include attachments) are the property of Sears Holdings Corporation and may contain confidential and proprietary information. You are hereby notified that any disclosure, copying, or distribution of this message, or the taking of any action based on information contained herein is strictly prohibited. Unauthorized use of information contained herein is illegal. If you are not the intended recipient, please delete this message immediately.

---

**From:** Noemi McAndrews [<mailto:noemcandrews@gmail.com>]  
**Sent:** Thursday, May 16, 2019 12:33 AM  
**To:** Ranade, Atul <[Atul.Ranade@searshc.com](mailto:Atul.Ranade@searshc.com)>  
**Cc:** William Jacobs <[jacobsw123@gmail.com](mailto:jacobsw123@gmail.com)>  
**Subject:** 11300 A/R - Miscellaneous \$9.93M

---

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[Quoted text hidden]


This message, including any attachments, is the property of Transform HoldCo LLC and/or one of its subsidiaries. It is confidential and may contain proprietary or legally privileged information. If you are not the intended recipient, please delete it without reading the contents. Thank you.

---

**3 attachments**

 **GL11300\_38117.pdf**  
77K

 **PD12\_38743\_11300.pdf**  
136K

 **GL11300\_36915.pdf**  
447K



# **Exhibit G**

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6/14/2019

18-23538-shl Doc 4462 Filed 07/08/19 Entered 07/08/19 21:42:39 Main Document

Pg 34 of 105



Noemi McAndrews <noemcandrews@gmail.com>

---

## Account 11395 SHO Receivable Invoice/PA/SPP

15 messages

---

**Noemi McAndrews** <noemcandrews@gmail.com>

Thu, May 9, 2019 at 9:35 AM

To: "Gryttr, Debbie" <Debra.Stover@searshc.com>

Debbie,

I worked for Nader Tavakoli and we are trying to gather information on the above account that was originally part of the specified receivables. But the above account was kept with the estate. At this time we need to know the current status of this account as it relates to the \$34.7M balance as of the end of January. Therefore, we need your assistance in providing us the payments received and where these funds went into. In addition, we need to know whether the entire AR was collected and the timeline of the payments received. If there is a balance still open on this AR please let me know what this is along with the composition of these balance.

Feel free to contact me if you have any questions or concerns. Thanking you in advance for your assistance in this matter.

**Regards,**

**Noemi McAndrews,**

**GRA, LLC.**

*noemcandrews@gmail.com*

**201-543-3646**

---

**Butz, Jeff** <Jeff.Butz@searshc.com>

Thu, May 9, 2019 at 11:25 AM

To: Noemi McAndrews <noemcandrews@gmail.com>

Cc: "Gryttr, Debbie" <Debra.Stover@searshc.com>

Noemi, the 11395 is only a portion of the \$34.7M. The amount assigned to the estate for account 11395 was \$16.6M. The \$16.6M is only a portion of what is in account 11395. At the time the file below was prepared, Account 11395 had a balance of \$29,098,708. There have been additional posting in the amount of \$1,040,053 since then so the Jan balance ended at \$30,138,761. So the quick math.

\$29.1 Balance when scheduled was prepared

(\$12.5) Estimated amount of deductions SHO had short paid Transform for payment SHO made on pre-petition invoices.

\$16.6 Amount Assigned to the Estate.

I am working on a SHO recon and will provide the detail once complete. I can tell you \$14.3M of the \$16.6M was for the normal monthly invoice. We have rec'd all of those funds and they were deposited into the Transform bank accounts.

TRFM-00018686

Receivables Left with Estate	Amount
11395 SHO Receivable Inv/PA/SPP	\$16.6
11333 A/R CITI OTHER RECEIVABLES	9.1
11332 0% FINANCE (NETS 11330/1)	(3.0)
11331 A/R CREDIT SALES REVENUE	1.5
11330 A/R NEW ACCOUNT BOUNTY	1.9
11128 A/R NCC-AE	4.5
11256 WHY NOT LEASE IT RECEIVABLE	0.5
09987 Sears One Card Clearance	1.9
11475 A/R - Other Companies	2.3
11335 A/R - WIC	-
15340 A/R WU Wire Transfer Payout	0.2
Bad Debt Allowance Associated with Estate Receivables	(0.8)
<b>Total Receivables Left with Estate</b>	<b>\$34.7</b>

Jeff Butz

Sr. Director Acctg Services

(847) 286-6503

Jeff.Butz@searshc.com

3333 Beverly Rd 85-248A

Hoffman Estates, IL 60179

**From:** Gryttr, Debbie

**Sent:** Thursday, May 09, 2019 9:15 AM

**To:** Butz, Jeff <Jeff.Butz@searshc.com>

**Subject:** FW: Account 11395 SHO Receivable Invoice/PA/SPP

Debbie Gryttr

Dir Controller — Accounting Services

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6/14/2019

18-23538-shl Doc 4462 Filed 07/08/19 Entered 07/08/19 21:42:39 Main Document

Pg 36 of 105

PH: 847-286-4203

debra.stover@searshc.com

---

**From:** Noemi McAndrews [mailto:noemcandrews@gmail.com]

**Sent:** Thursday, May 09, 2019 8:36 AM

**To:** Gryttr, Debbie <Debra.Stover@searshc.com>

**Subject:** Account 11395 SHO Receivable Invoice/PA/SPP

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[Quoted text hidden]

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---

**Noemi McAndrews** <noemcandrews@gmail.com>

Mon, May 13, 2019 at 1:17 PM

To: "Butz, Jeff" <Jeff.Butz@searshc.com>

Cc: "Gryttr, Debbie" <Debra.Stover@searshc.com>, William Jacobs <jacobsw123@gmail.com>

Jeff,

Please provide the payment details for the monthly invoice mentioned above (\$14.3M). Also, please provide the details of the balance of \$2.3M that remains open as your message didn't indicate that this balance was paid.

Your immediate attention to this matter is greatly appreciated.

*Regards,*

*Noemi McAndrews,*

*GRA, LLC.*

*noemcandrews@gmail.com*

*201-543-3646*

---

[Quoted text hidden]

---

**Butz, Jeff** <Jeff.Butz@searshc.com>

Mon, May 13, 2019 at 1:39 PM

To: Noemi McAndrews <noemcandrews@gmail.com>

Cc: "Gryttr, Debbie" <Debra.Stover@searshc.com>, William Jacobs <jacobsw123@gmail.com>

I have not had time to finish the SHO recon. I will get to it when I can.

Jeff Butz

TRFM-00018688

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Pg 37 of 105

Sr. Director Acctg Services

(847) 286-6503

Jeff.Butz@searshc.com

3333 Beverly Rd 85-248A

Hoffman Estates, IL 60179

[Quoted text hidden]

[Quoted text hidden]

**Noemi McAndrews** <noemcandrews@gmail.com>

Mon, May 13, 2019 at 1:51 PM

To: "Butz, Jeff" <Jeff.Butz@searshc.com>

Cc: "Gryttr, Debbie" <Debra.Stover@searshc.com>, William Jacobs <jacobsw123@gmail.com>

Can you at least let me know when the payment came in? Date

Sent from my iPhone

[Quoted text hidden]

[Quoted text hidden]

[Quoted text hidden]

[Quoted text hidden]

[Quoted text hidden]

<image001.png>

[Quoted text hidden]

[Quoted text hidden]

[Quoted text hidden]

**Butz, Jeff** <Jeff.Butz@searshc.com>

Mon, May 13, 2019 at 2:27 PM

To: Noemi McAndrews <noemcandrews@gmail.com>

Cc: "Gryttr, Debbie" <Debra.Stover@searshc.com>, William Jacobs <jacobsw123@gmail.com>

Attached are the two invoices that were outstanding at the time of sale and the email from SHO confirming the payment amount less any cash discounts as well as deductions for invoices. One was paid on Wed 2/6 prior to the sale and the other was paid on 2/15.

The SHO receivable used in the schedule at time of sale was based on the January month end balance sheet. So weeks 51 and 52 were the only two weekly invoices outstanding. In reality, as of Monday the 11<sup>th</sup>, week 52 of 2018 and week 1 of 2019 are the invoices that were really outstanding. Weeks 51 and 52 were used in the schedule though, not weeks 52 and 1. These funds are wired by SHO into the SHC bank account. Jenny should be able to confirm the payments and account that received the funds.

TRFM-00018689

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6/14/2019

As far as the short pay's. The schedule at time of sale accounted for that. Those short pays were part of the (\$12.5) below. We went into AP and keyed debit memos against the vendors that SHO had paid to reduce the pre-petition invoices held by the estate. When the deductions were keyed, we credited the 11395 account.

\$29.1 Balance when scheduled was prepared

(\$12.5) Estimated amount of deductions SHO had short paid Transform for payment SHO made on pre-petition invoices.

\$16.6 Amount Assigned to the Estate.

The deductions were keyed as follows:

Locn	Acct Pe	Account	Descrip	Div	Entry Si	Entry D	Cost	Duns	Doc Date	Doc Nb	JVNum	Process Dt
4643	201901	11395		0400	A/P	AP Accour	{258.03}	02000964600	10/1/2018	ACH10011	0001231067	2/13/2019
4643	201901	11395		0400	A/P	AP Accour	{4,814.87}	01000131100	10/1/2018	ACH10011	0001231337	2/15/2019
4643	201901	11395		0400	A/P	AP Accour	{3,097.99}	01000131100	10/1/2018	ACH10011	0001231467	2/16/2019
4643	201901	11395		0400	A/P	AP Accour	{1,200.00}	00000711904	10/1/2018	ACH10011	0001232660	2/22/2019
							{9,370.91}					

[Quoted text hidden]

[Quoted text hidden]

----- Forwarded message -----

From: Stauner Mary <Mary.Stauner@shos.com>

To: "Butz, Jeff" <Jeff.Butz@searshc.com>

Cc: Rick Emro <Rick.Emro@shos.com>

Bcc:

Date: Wed, 6 Feb 2019 17:16:28 +0000

Subject: Today's wire

Enterprise Security Team Alert: This email originated from outside of the organization. Please use caution when opening messages from external sources.

Hi Jeff – please see attached and below for today's payment.

TRFM-00018690

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A	B	C	D	E	F	G	H	I	J	K	L	M															
<b>SEARS HOLDINGS</b>							<b>INVOICE</b>			<div>NUMBER</div> <div>8Bill Date: 2019-01-29</div> <div>8Due Date: 2019-02-08</div>																	
Sears Holdings Management Corporation 3333 Beverly Road Hoffman Estates, IL 60179 Customer Number 100							Terms: .423% 2 Days, Net 10																				
<div>Bill To: Sears Hometown and Outlet Stores, Inc. Attn: Rick Emro, E5 - 206B 5500 Trillium Boulevard Hoffman Estates, IL 60192</div>							<div>Ship To: Sears Hometown and Outlet Stores, Inc. Attn: Rick Emro, E5 - 206B 5500 Trillium Boulevard Hoffman Estates, IL 60192</div>																				
<div>Comments</div>																											
<table border="1"> <thead> <tr> <th>Description</th> <th>Quantity</th> <th>Unit Cost</th> <th>Extended Cost</th> </tr> </thead> <tbody> <tr> <td>SHO Week 51</td> <td>1</td> <td>\$ 6,879,270.23</td> <td>\$ 6,879,270.23</td> </tr> <tr> <td>Early Payment Discount</td> <td></td> <td>0.106%</td> <td>\$ (7,292.03)</td> </tr> <tr> <td>Invoice Deductions</td> <td></td> <td></td> <td>\$ (1,458.05)</td> </tr> </tbody> </table>												Description	Quantity	Unit Cost	Extended Cost	SHO Week 51	1	\$ 6,879,270.23	\$ 6,879,270.23	Early Payment Discount		0.106%	\$ (7,292.03)	Invoice Deductions			\$ (1,458.05)
Description	Quantity	Unit Cost	Extended Cost																								
SHO Week 51	1	\$ 6,879,270.23	\$ 6,879,270.23																								
Early Payment Discount		0.106%	\$ (7,292.03)																								
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<div> <div>Sub Total</div> <div>Tax</div> <div>Shipping &amp; Handling</div> <div>Total</div> </div> <div> <div>\$ 6,870,520.15</div> <div></div> <div></div> <div>\$ 6,870,520.15</div> </div>																											

TRFM-00018691

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VALSPAR CORPORATION (GUARDSMAN)		54577	21150	258.05	2/4/2019		NS VENDOR
SQS SECURITY LLC		54577	21150	1,200.00	2/4/2019		NS VENDOR
				1,458.05			Deducted from SHC Payment 02/06/19

Thanks,

Mary Stauner

AP/AR Analyst

Sears Hometown & Outlet Stores, Inc

847-286-4120 E5-139B

Mary.stauner@shos.com

sears | HOMETOWN & OUTLET

----- Forwarded message -----

From: Stauner Mary <Mary.Stauner@shos.com>

To: "Butz, Jeff" <Jeff.Butz@searshc.com>

Cc: Rick Emro <Rick.Emro@shos.com>

Bcc:

Date: Thu, 14 Feb 2019 22:26:18 +0000

Subject: Week 52 invoice payment / deduction

Enterprise Security Team Alert: This email originated from outside of the organization. Please use caution when opening messages from external sources.

Hi Jeff,

Please see below the amount deducted from tomorrow's wire payment

TERMINIX		54577	21150	7,912.86	2/13/2019		NS VENDOR
				7,912.86			Deducted from SHC Payment 02/15/19

TRFM-00018692



TRFM-00018693

<https://mail.google.com/mail/u/0/?ik=6e3e41d2a0&view=pt&search=all&permthid=thread-a%3A3r6899256358405195195&simpl=msg-a%3A3r7353689444856793318&simpl=msg-f%3A16330685286761...> 8/20

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6/14/2019

18-23538-shl

Doc 4462

Filed 07/08/19

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Pg 42 of 105

Mary.stauner@shos.com

---

**4 attachments**

 **SHO Completed ACH's for SHC Submitted Invoices.xlsx**  
74K

 **SHO Invoice Week 51 2018 PMT.xlsx**  
15K

 **noname.eml**  
202K

 **noname.eml**  
125K

---

**William Jacobs** <jacobsw123@gmail.com>

Tue, May 14, 2019 at 2:40 PM

To: jenny.joye@searshc.com, Noemi McAndrews <noemcandrews@gmail.com>

Jenny,

Here is the information we discussed.

Thank you

Bill

[Quoted text hidden]

----- Forwarded message -----  
From: Stauner Mary <Mary.Stauner@shos.com>  
To: "Butz, Jeff" <Jeff.Butz@searshc.com>  
Cc: Rick Emro <Rick.Emro@shos.com>  
Bcc:  
Date: Wed, 6 Feb 2019 17:16:28 +0000  
Subject: Today's wire

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---

Hi Jeff – please see attached and below for today's payment.

TRFM-00018694

6/14/2019

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A	B	C	D	E	F	G	H	I	J	K	L	M															
<b>SEARS HOLDINGS</b>							<b>INVOICE</b>			<div>NUMBER</div> <div>8Bill Date: 2019-01-29</div> <div>8Due Date: 2019-02-08</div>																	
Sears Holdings Management Corporation 3333 Beverly Road Hoffman Estates, IL 60179 Customer Number 100							Terms: .423% 2 Days, Net 10																				
<div>Bill To: Sears Hometown and Outlet Stores, Inc. Attn: Rick Emro, E5 - 206B 5500 Trillium Boulevard Hoffman Estates, IL 60192</div>							<div>Ship To: Sears Hometown and Outlet Stores, Inc. Attn: Rick Emro, E5 - 206B 5500 Trillium Boulevard Hoffman Estates, IL 60192</div>																				
<div>Comments</div>																											
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<div> <div>Sub Total</div> <div>Tax</div> <div>Shipping &amp; Handling</div> <div>Total</div> </div> <div> <div>\$ 6,870,520.15</div> <div></div> <div></div> <div>\$ 6,870,520.15</div> </div>																											

6/14/2019

VALSPAR CORPORATION (GUARDSMAN)		54577	21150	258.05	2/4/2019	NS VENDOR
SQS SECURITY LLC		54577	21150	1,200.00	2/4/2019	NS VENDOR
				1,458.05		Deducted from SHC Payment 02/06/19

Thanks,

Mary Stauner

AP/AR Analyst

Sears Hometown & Outlet Stores, Inc

847-286-4120 E5-139B

Mary.stauner@shos.com

sears | HOMETOWN & OUTLET

----- Forwarded message -----  
 From: Stauner Mary <Mary.Stauner@shos.com>  
 To: "Butz, Jeff" <Jeff.Butz@searshc.com>  
 Cc: Rick Emro <Rick.Emro@shos.com>  
 Bcc:  
 Date: Thu, 14 Feb 2019 22:26:18 +0000  
 Subject: Week 52 invoice payment / deduction

**Enterprise Security Team Alert:** This email originated from outside of the organization. Please use caution when opening messages from external sources.

Hi Jeff,

Please see below the amount deducted from tomorrow's wire payment

TERMINIX		54577	21150	7,912.86	2/15/2019	NS VENDOR
				7,912.86		Deducted from SHC Payment 02/15/19

TRFM-00018697

<https://mail.google.com/mail/u/0/?ik=6e3e41d2a0&view=pt&search=all&permthid=thread-a%3A6899256358405195195&simpl=msg-a%3A7353689444856793318&simpl=msg-f%3A1633068528676...> 12/20

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847-286-4120 E5-139B

Mary.stauner@shos.com

...

Regards,

Bill Jacobs

GRA, LLC

jacobsw123@gmail.com

201 723 6430

----- Forwarded message -----

From: Stauner Mary <Mary.Stauner@shos.com>

To: "Butz, Jeff" <Jeff.Butz@searshc.com>

Cc: Rick Emro <Rick.Emro@shos.com>

Bcc:

Date: Wed, 6 Feb 2019 17:16:28 +0000

Subject: Today's wire

Enterprise Security Team Alert: This email originated from outside of the organization. Please use caution when opening messages from external sources.

Hi Jeff – please see attached and below for today's payment.

TRFM-00018698

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6/14/2019

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**SEARS HOLDINGS**

**INVOICE**

NUMBER

8Bill Date: 2019-01-29

8Due Date: 2019-02-08

Sears Holdings Management Corporation  
3333 Beverly Road  
Hoffman Estates, IL 60179  
Customer Number 100

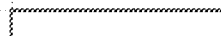
Terms: .423% 2 Days, Net 10

Bill To: Sears Hometown and Outlet Stores, Inc.  
Attn: Rick Emro, E5 - 206B  
5500 Trillium Boulevard  
Hoffman Estates, IL 60192

Ship To: Sears Hometown and Outlet Stores, Inc.  
Attn: Rick Emro, E5 - 206B  
5500 Trillium Boulevard  
Hoffman Estates, IL 60192

Comments:

Description	Quantity	Unit Cost	Extended Cost
SHO Week 51	1	\$ 6,879,270.23	\$ 6,879,270.23
Early Payment Discount		0.106%	\$ (7,292.03)
Invoice Deductions			\$ (1,458.05)



Sub Total	\$ 6,870,520.15
Tax	
Shipping & Handling	
Total	\$ 6,870,520.15

TRFM-00018699

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6/14/2019

18-23538-shl Doc 4462 Filed 07/08/19 Entered 07/08/19 21:42:39 Main Document

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VALSPAR CORPORATION (GUARDSMAN)		54577	21150	258.05	2/4/2019		NS VENDOR
SQS SECURITY LLC		54577	21150	1,200.00	2/4/2019		NS VENDOR
				1,458.05			Deducted from SHC Payment 02/06/19

Thanks,

Mary Stauner

AP/AR Analyst

Sears Hometown & Outlet Stores, Inc

847-286-4120 E5-139B

Mary.stauner@shos.com

sears | HOMETOWN & OUTLET

----- Forwarded message -----

From: Stauner Mary <Mary.Stauner@shos.com>

To: "Butz, Jeff" <Jeff.Butz@searshc.com>

Cc: Rick Emro <Rick.Emro@shos.com>

Bcc:

Date: Thu, 14 Feb 2019 22:26:18 +0000

Subject: Week 52 invoice payment / deduction

Enterprise Security Team Alert: This email originated from outside of the organization. Please use caution when opening messages from external sources.

Hi Jeff,

Please see below the amount deducted from tomorrow's wire payment

TERMINIX		54577	21150	7,912.86	2/13/2019		NS VENDOR
				7,912.86			Deducted from SHC Payment 02/15/19

TRFM-00018700



TRFM-00018701

<https://mail.google.com/mail/u/0/?ik=6e3e41d2a0&view=pt&search=all&permthid=thread-a%3Ar6899256358405195195&siml=msg-a%3Ar7353689444856793318&siml=msg-f%3A1633068528676...> 16/20

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6/14/2019

Mary.stauner@shos.com

6 attachments

 **SHO Completed ACH's for SHC Submitted Invoices.xlsx**  
74K

 **SHO Invoice Week 51 2018 PMT.xlsx**  
15K

 **noname**  
202K

 **SHO Completed ACH's for SHC Submitted Invoices.xlsx**  
74K

 **SHO Invoice Week 51 2018 PMT.xlsx**  
15K

 **noname**  
125K

Joye, Jennifer <Jenny.Joye@searshc.com>  
To: William Jacobs <jacobsw123@gmail.com>, Noemi McAndrews <noemcandrews@gmail.com>

Tue, May 14, 2019 at 2:57 PM

Received 2/6/19 in account [REDACTED]

Incoming Internal Money Transfr (191)					
	6,670,520.15	6,670,520.15	0.00	6.00	00370266222
Text	WIRE TYPE BOOK IN DATE 03/08/19 TIME 1443 ET				
	TRF [REDACTED]				
	SERVICE REP:				
	RELATED REF:				
	ORIG:SEARS HOMETOWN AND OUTLET STORES INC SHO				
	CONCENTRATION 4526 F STREET SEARS --BXG C/O ACS OMAHA NE				
	[REDACTED]				
	ORG BK ID:				
	INS BK:ECOS-ELECTRONIC COMMERCE SYST ID:ECOA				
	END BK ID:				
	BNF:SEARS HOLDINGS MANAGEMENT DESTOR IN POSSESSION CASE				
	16.11618 1711 KENNETT PIKE SUITE 120 GREENVILLE DE 19607				
	[REDACTED]				
	BNF BK ID:				
	PAYMENT DETAILS:				
	[REDACTED]				

Received 2/15/19 in account 4451056722

TRFM-00018702

HIGHLY CONFIDENTIAL

6/14/2019

18-23538-shl Doc 4462 Filed 07/08/19 Entered 07/08/19 21:42:39 Main Document

Pg 51 of 105

Incoming Internal Money Transfer (191)	\$,421,342.05	\$,421,342.05	0.00	0.00	00370405675
Text	WIRE TYPE BOOK IN DATE 021519 TIME 1441 ET				
	[REDACTED]				
	SERVICE REF:				
	RELATED REF:				
	ORIG SEARS HOMETOWN AND OUTLET STORES 5500 TRILLIUM				
	BOULEVARD HOFFMAN ESTATES IL 60192 US ID 4427653907				
	ORG BK ID:				
	INS BK ECS-ELECTRONIC COMMERCE SYST ID ECS4				
	SND BK ID:				
	BNF SEARS HOLDINGS MANAGEMENT DEBTOR IN POSSESSION CASE				
	18-23538 3711 KENNETT PIKE SUITE 120 GREENVILLE DE 19607				
	[REDACTED]				
	BNF BK ID:				
	PAYMENT DETAILS				
	[REDACTED]				

[Quoted text hidden]

[Quoted text hidden]

Noemi McAndrews <noemcandrews@gmail.com>

Tue, May 14, 2019 at 3:08 PM

To: "Joye, Jennifer" <Jenny.Joye@searshc.com>

Jenny,

Based on the above both payments came into the old account (Sears). Correct?

One of the payments was short by \$2mm and while looking at the invoice there is a notation about a \$2mm payment dated 2/7. Did you see another payment coming in for that amount on 2/7?

Thank you,

Regards,

Noemi McAndrews,

GRA, LLC.

noemcandrews@gmail.com

201-543-3646

[Quoted text hidden]

Joye, Jennifer <Jenny.Joye@searshc.com>

Tue, May 14, 2019 at 3:14 PM

To: Noemi McAndrews <noemcandrews@gmail.com>

On 2/6 the x6722 account belonged to SHC. As of 2/11 the same bank account belonged to TransformCo.

Received 2/7/19 in account 4451056722

TRFM-00018703

HIGHLY CONFIDENTIAL

6/14/2019

Incoming Internal Money Transf (191)	2,000,000.00	2,000,000.00	0.00	0.00	00370304095
--------------------------------------	--------------	--------------	------	------	-------------

Text

WIRE TYPE BOOK IN DATE 030719 TIME 1428 ET

SERVICE REF:

RELATED REF:

ORIG SEARS HOMETOWN AND OUTLET STORES INC SHO

CONCENTRATION 4528 F STREET SEARS -BKG C/O ACS OMAHA NE

ORG BK ID:

INS BK ECS-ELECTRONIC COMMERCE SYST ID:ECSA

SND BK ID:

BNF SEARS HOLDINGS MANAGEMENT DEBTOR IN POSSESSION CASE

18 73435 3711 KENNETT PIKE SUITE 100 GREENVILLE DE 19007

BNF BK ID:

PAYMENT DETAILS:

[Quoted text hidden]

[Quoted text hidden]

Noemi McAndrews <noemcandrews@gmail.com>

Tue, May 14, 2019 at 3:33 PM

To: "Joye, Jennifer" <Jenny.Joye@searshc.com>, William Jacobs <jacobsw123@gmail.com>

I noticed that you stated the payment belonged to SHC and SHC. Is this correct?

Regards,

Noemi McAndrews,

GRA, LLC.

noemcandrews@gmail.com

201-543-3646

[Quoted text hidden]

Joye, Jennifer <Jenny.Joye@searshc.com>

Tue, May 14, 2019 at 3:35 PM

To: Noemi McAndrews <noemcandrews@gmail.com>, William Jacobs <jacobsw123@gmail.com>

Actually the account belonged to SHMC/Sears Holdings Management Corp until 2/11/2019.

[Quoted text hidden]

[Quoted text hidden]

Joye, Jennifer <Jenny.Joye@searshc.com>

Wed, May 15, 2019 at 3:42 PM

To: Noemi McAndrews <noemcandrews@gmail.com>, William Jacobs <jacobsw123@gmail.com>

UPS check deposit to Transform bank account ending x0367 on 5/6/19.

[Quoted text hidden]

TRFM-00018704

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6/14/2019

18-23538-shl

Doc 4462

Filed 07/08/19

Entered 07/08/19 21:42:39

Main Document

Pg 53 of 105

[Quoted text hidden]

---

**Noemi McAndrews** <noemcandrews@gmail.com>  
To: "Joye, Jennifer" <Jenny.Joye@searshc.com>  
Cc: William Jacobs <jacobsw123@gmail.com>

Wed, May 15, 2019 at 3:44 PM

Jennifer,

Thank you so much.

*Regards,*  
**Noemi McAndrews,**  
**GRA, LLC.**  
*noemcandrews@gmail.com*  
**201-543-3646**

[Quoted text hidden]

---

**Noemi McAndrews** <noemcandrews@gmail.com>

Thu, Jun 6, 2019 at 2:53 PM

To: Eugene Lavrov <Eugene.Lavrov@ey.com>, Ryan P Rowan <ryan.rowan@ey.com>, Joseph Weaver <Joseph.Weaver@ey.com>, Dwight A Scales <Dwight.A.Scales@ey.com>

*Regards,*  
**Noemi McAndrews,**  
**GRA, LLC.**  
*noemcandrews@gmail.com*  
**201-543-3646**

[Quoted text hidden]

TRFM-00018705

# **Exhibit H**

\$656,641.55  
\$2,111,549.47

THE REMAINDER OF THIS  
SPREADSHEET IS  
REDACTED PURSUANT TO  
7/2/2019 COURT ORDER  
DOCKET #4420



# Exhibit I



Noemi McAndrews &lt;noemcandrews@gmail.com&gt;

**09987 for \$1.9M**

3 messages

**Noemi McAndrews** <noemcandrews@gmail.com>  
To: "Corbat, Ken" <ken.corbat@searshc.com>  
Cc: William Jacobs <jacobsw123@gmail.com>

Fri, Jun 14, 2019 at 8:27 AM

Good morning Ken,

Bill and I recalled our discussion on the above subject where you advised that this was not a valid receivable rather a holding account where funds stayed in this location until the dollars move to the correct account. In another words this was a pass through account.

Kindly confirm so we may note the files appropriately.

**Regards,**  
**Noemi McAndrews,**  
**GRA, LLC.**  
[noemcandrews@gmail.com](mailto:noemcandrews@gmail.com)  
**201-543-3646**

**Corbat, Ken** <Ken.Corbat@searshc.com>  
To: Noemi McAndrews <noemcandrews@gmail.com>  
Cc: William Jacobs <jacobsw123@gmail.com>

Fri, Jun 14, 2019 at 9:04 AM

This is correct

**From:** Noemi McAndrews [mailto:[noemcandrews@gmail.com](mailto:noemcandrews@gmail.com)]  
**Sent:** Friday, June 14, 2019 7:27 AM  
**To:** Corbat, Ken <[Ken.Corbat@searshc.com](mailto:Ken.Corbat@searshc.com)>  
**Cc:** William Jacobs <[jacobsw123@gmail.com](mailto:jacobsw123@gmail.com)>  
**Subject:** 09987 for \$1.9M

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**Noemi McAndrews** <noemcandrews@gmail.com>  
To: "Corbat, Ken" <Ken.Corbat@searshc.com>  
Cc: William Jacobs <jacobsw123@gmail.com>

Fri, Jun 14, 2019 at 9:31 AM

Thank you

**Regards,**  
**Noemi McAndrews,**  
**GRA, LLC.**  
[noemcandrews@gmail.com](mailto:noemcandrews@gmail.com)  
**201-543-3646**

[Quoted text hidden]

# **Exhibit J**



William Jacobs <jacobsw123@gmail.com>

---

## 11475 Acct

4 messages

---

**William Jacobs** <jacobsw123@gmail.com>  
To: "Stopen, Keith" <keith.stopen@searshc.com>

Fri, May 24, 2019 at 9:26 AM

Hi Keith,

I received your phone message last week on this account that I had discussed with Mary B. It looks like the \$252.9K is not a true receivable and will be written off. Can you confirm my understanding and let me know when you think this will be written off.

Thanks for your help.

--  
Regards,

Bill Jacobs  
GRA, LLC  
[jacobsw123@gmail.com](mailto:jacobsw123@gmail.com)  
201 723.6430

---

**Stopen, Keith** <Keith.Stopen@searshc.com>  
To: William Jacobs <jacobsw123@gmail.com>

Fri, May 24, 2019 at 5:29 PM

Bill

Yes your understanding is correct. We deemed it a pre-paid balance and not an AR and thus for accounting purposes it would have been valued at 0 for opening balance purposes (pending purchase accounting).

It was written off in period 3 for Mary's purposes. From a technical standpoint I should open up period 1 as if it was never part of the opening balance sheet. At this point YTD/HTD, we get to the same point, but from a purist standpoint it never would have been on opening balance.

thanks

---

**From:** William Jacobs [mailto:[jacobsw123@gmail.com](mailto:jacobsw123@gmail.com)]  
**Sent:** Friday, May 24, 2019 8:27 AM  
**To:** Stopen, Keith <[Keith.Stopen@searshc.com](mailto:Keith.Stopen@searshc.com)>  
**Subject:** 11475 Acct

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---

**william jacobs** <jacobsw123@gmail.com>  
To: noemcandrews@gmail.com

Fri, May 24, 2019 at 6:38 PM

Part of the 34.7M 11475 acct.

Sent from my iPhone

Begin forwarded message:

[Quoted text hidden]

---

**William Jacobs** <jacobsw123@gmail.com>  
To: Dwight A Scales <Dwight.A.Scales@ey.com>, Eugene Lavrov <Eugene.Lavrov@ey.com>, Joseph Weaver <Joseph.Weaver@ey.com>, Ryan P Rowan <ryan.rowan@ey.com>

Thu, Jun 6, 2019 at 3:55 PM

[Quoted text hidden]

# **Exhibit K**



William Jacobs <jacobsw123@gmail.com>

## A/R Funds Left with the Estate

24 messages

William Jacobs <jacobsw123@gmail.com>

Thu, May 9, 2019 at 11:02 AM

To: "Kleist, Mike" <Michael.Kleist@searshc.com>

Hi Mike,

I'm sure you probably remember this, certain receivables were left with the estate (\$34.7M) that was discussed earlier in March. Can you assist with the portion that was attributed to account #11475 for \$2.3M, and #15340 for \$0.2M? Can you tell me if those funds were collected, when paid, and to which account they were paid into. Any information you can provide would be helpful. We're just trying to put the pieces together on the \$34.7M.

--

Regards,

Bill Jacobs  
GRA, LLC  
jacobsw123@gmail.com  
201 723 6430

Kleist, Mike <Michael.Kleist@searshc.com>

Thu, May 9, 2019 at 11:12 AM

To: William Jacobs <jacobsw123@gmail.com>

Cc: "Brisentine, Mary" <mary.brisentine@searsfranchises.com>, "Foote, Rosheen" <Rosheen.Foote@searshc.com>, "Davis, Judy" <Judy.Davis@searshc.com>

Ladies,

Per Bill's email below they are trying to determine if/how the receivables were cleared as they were part of the estate.

Can you provide some insight. If cash was received...When and where was the cash posted, etc.

Judy....Assuming you can address 38044/38468/38824

	TOTSHC TOTAL SHC DIVISION
	HTD(Jan)
	2018 Actuals
	11475 A/R - OTHER COMPANIES
████████ COLUMBUS, OH	252,861
████████ SAN ANTONIO, TX	1,089,843
38044 FAR EAST	874,186
38468 QUALITY ASSURANCE LAB	91,250



38824 LANDS END GS HK	1,978

**From:** William Jacobs [mailto:jacobsw123@gmail.com]  
**Sent:** Thursday, May 09, 2019 10:03 AM  
**To:** Kleist, Mike <Michael.Kleist@searshc.com>  
**Subject:** A/R Funds Left with the Estate

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**Mary Brisentine** <mary.brisentine@searsfranchises.com>  
**To:** "Kleist, Mike" <Michael.Kleist@searshc.com>, William Jacobs <jacobsw123@gmail.com>  
**Cc:** "Foote, Rosheen" <Rosheen.Foote@searshc.com>, "Davis, Judy" <Judy.Davis@searshc.com>

Thu, May 9, 2019 at 11:15 AM

This is short term website expense being amortized over 60 months (LT in 14527). This will stay the same for some time as this is amortized. This is only yr 1 of 5.

**Mary Brisentine, CPA**

Chief Financial Officer

Transform SR Home & Business Franchises LLC

DBA: Sears Home & Business Franchises

400-13 Lazelle Road, Columbus, OH 43240

Office: (740) 201-3012 | Fax: (614) 883-6224

Email: [mary.brisentine@searsfranchises.com](mailto:mary.brisentine@searsfranchises.com)



[Quoted text hidden]

**Davis, Judy** <Judy.Davis@searshc.com>  
**To:** "Kleist, Mike" <Michael.Kleist@searshc.com>, William Jacobs <jacobsw123@gmail.com>

Thu, May 9, 2019 at 3:04 PM

Please see the attachment for 38044, 38468 & 38824.

Thanks,

Judy

---

**From:** Kleist, Mike  
**Sent:** Thursday, May 09, 2019 10:13 AM  
**To:** William Jacobs <jacobsw123@gmail.com>

[Quoted text hidden]

[Quoted text hidden]

[Quoted text hidden]

----- Forwarded message -----  
**From:** "Ahamed, Safiullah Vaseem (Contractor)" <SafiullahVaseem.Ahamed@searshc.com>  
**To:** "Davis, Judy" <Judy.Davis@searshc.com>  
**Cc:**  
**Bcc:**  
**Date:** Thu, 9 May 2019 18:58:26 +0000  
**Subject:** Re: Sears HK  
Hi Judy,

Attached is the 11475 reconciliation for PD 12 2018 & PD 02 2019. Thanks!!!

*Best Regards,*

*Safiullah Vaseem Ahamed, CMA*

*Onecard, 180, Advertising & Return Check*

*Phone : 1-855-646-0520 Ext. 5511255*

---

**From:** Davis, Judy  
**Sent:** Thursday, May 9, 2019 1:24 PM  
**To:** Ahamed, Safiullah Vaseem (Contractor)  
**Subject:** FW: Sears HK

Safiullah,

I'm looking for the reconciliation for the PS account 11475. Could you provide the reconciliation for Period 12 2018 and period 2 2019?

Thanks,

Judy Davis

Director Controller-Online, Logistics

---

**From:** Ahamed, Safiullah Vaseem (Contractor)  
**Sent:** Wednesday, November 28, 2018 4:00 PM  
**To:** Brotnow, Michael <Michael.Brotnow@searshc.com>  
**Cc:** Martin, Scott <Scott.Martin@searshc.com>; Davis, Judy <Judy.Davis@searshc.com>; Paoletti, Roy <Roy.Paoletti@searshc.com>; Zink, Donna <Donna.Zink@searshc.com>; Vedagiri, Suresh (Contractor) <Suresh.Vedagiri@searshc.com>; Huron, Mollie <mollie.huron@searshc.com>; Khan, Aziz <Aziz.Khan@searshc.com>  
**Subject:** Re: Sears HK

Hi Michael,

Below are the answers for your reference.

1. What was the SHGS commission owed at the time of the filing (i.e., as of 10/14/18)?

Sears Shipment Commission as on 10/14/2018 [9/30/2018 to 10/14/2018]	\$ 559,350.92	October 2018 Commission Split
Kmart Shipment Commission as on 10/14/2018 [07/29/2018 to 10/14/2018]	\$ 4,809,768.49	Aug to Oct [Commission split on Oct 2018]

2. What % of purchases are for Kmart vs. Sears (is it ~ a 50/50 split, or does Kmart have a higher % of import purchases historically, maybe 2017 full year vs. 2018 Oct YTD)?

The commissions are charged on the FOB value of shipment, which is 3.5%. Being said below are the break-up of FOB value of Shipment to Kmart & Sears for 2017 & 2018 up to October.

	YTD 2017	YTD Oct 2018
	Merchandise Shipped to USA	Merchandise Shipped to USA
Kmart FOB Value	747,593,103.71	419,578,687.14
Sears FOB Value	892,796,323.14	651,677,154.57
Total	1,640,389,426.86	1,071,255,841.71

3. To confirm, Sears commission made on a monthly basis and Kmart on a quarterly basis? Why the difference?

Yes, Sears Shipment commission are made on a Monthly Basis & Kmart on Quarterly basis. We speculate that Sears is larger than Kmart, so the more frequent payments, but we do not know why for sure. May be historically Kmart may be on Quarterly basis. But still no idea.

When is the next payment due? When was the last payment made and as the Q3 payment made in Nov already?

Sears:

Last Payment made for Sears Commission was on 8<sup>th</sup> November 2018 [October commission to SHGS]

Next payment due from Sears to SHGS is on 4<sup>th</sup> December 2018 [Commission figure yet to receive from SHGS]

Kmart:

Last I/C clearance made for Kmart to SHGS on 28<sup>th</sup> August 2018 [Q2 I/C settlement (In & Out)].

And for Q3 2018 we have not send out wire and as per the guidelines of Sunny Singh we will make only the Postings without fund transfer (In & Out).

4. Are operating expenses pre-paid based on estimates or in arrears?

As per our knowledge, Sears commission is paid on monthly basis to support their Operations and Any excess funds that will be transferred to Kmart so the estimate doesn't accumulate either way (on our side or theirs) and that the maximum they can hold is \$ 1 million

Do the operating expenses fluctuate and if so what do they cover?

SHGS Operating expenses are grouped as follows,

A06001 Payroll & Incentive

A06005 Benefits & P/R Tax

A06008 Outside Serv/Assoc Exp

A06012 Equipment Expenses

A06016 Occupancy Repairs

A06030 Utilities & Telephone

A06180 Display Expense

A06037 Supplies & Postage

A06041 Insurance Expense

A06044 Miscellaneous Exp/Inc

Intra IBO Service Inc/Exp

A06061 F: Depreciation/Amortization

I have attached the YTD P&L report as of Oct 2018 of SHGS for your reference. If you need detailed expense details, please refer P&L attached.

*Best Regards,*

*Safiullah Vaseem Ahamed, CMA*

*Onecord, IBO, Advertising & Return Check*

*Phone : 1-855-646-0520 Ext: 5511265*

---

**From:** Brotnow, Michael

**Sent:** Tuesday, November 27, 2018 2:34 PM

**To:** Ahamed, Safiullah Vaseem (Contractor)

**Cc:** Martin, Scott; Davis, Judy; Paoletti, Roy; Zink, Donna; Vedagiri, Suresh (Contractor); Huron, Mollie; Khan, Aziz

**Subject:** RE: Sears HK

A few follow up questions for SHGS from meeting with the Creditors Committee outside counsel yesterday:

- What was the SHGS commission owed at the time of the filing (i.e., as of 10/14/18)?
- What % of purchases are for Kmart vs. Sears (is it ~ a 50/50 split, or does Kmart have a higher % of import purchases historically, maybe 2017 full year vs. 2018 Oct YTD)?
- To confirm, Sears commission made on a monthly basis and Kmart on a quarterly basis? Why the difference?
- When is the next payment due? When was the last payment made and as the Q3 payment made in Nov already?
- Are operating expenses pre-paid based on estimates or in arrears?
- Do the operating expenses fluctuate and if so what do they cover?

Thanks,

Mike Brotnow

Business Controller - Online, SYW, IS/IG, R.E.

Director -- Corporate Subsidiaries

P 847.286.6937 | michael.brotnow@searshc.com

---

**From:** Ahamed, Safiullah Vaseem (Contractor)

**Sent:** Wednesday, November 21, 2018 11:56 AM

**To:** Huron, Mollie <mollie.huron@searshc.com>; Khan, Aziz <Aziz.Khan@searshc.com>

**Cc:** Martin, Scott <Scott.Martin@searshc.com>; Davis, Judy <Judy.Davis@searshc.com>; Brotnow, Michael <Michael.Brotnow@searshc.com>; Paoletti, Roy <Roy.Paoletti@searshc.com>; Zink, Donna <Donna.Zink@searshc.com>; Vedagiri, Suresh (Contractor) <Suresh.Vedagiri@searshc.com>

**Subject:** Fw: Sears HK

Hi Aziz,

Further to below email, I herewith attached the SHGS Balance sheet and 15200 account balance as of Oct 2018 is \$59M receivable.

+++ Roy & Donna

*Best Regards,*

*Safiullah Vaseem Ahamed, CMA*

*Onecard, IBC, Advertising & Return Check*

*Phone : 1-855-646-0520 Ext: 5511265*

---

**From:** Huron, Mollie  
**Sent:** Wednesday, November 21, 2018 10:49 AM  
**To:** Brotnow, Michael; Ahamed, Safiullah Vaseem (Contractor)  
**Cc:** Martin, Scott; Davis, Judy; Khan, Aziz  
**Subject:** RE: Sears HK

Aziz,

I added the legal entity view in the attached file. This is pulled from our general ledger so it is US \$. I think you are looking for the account 15200 balance highlighted in green. SHGS has a \$59M receivable as of Oct 2018. Call me when you have time to briefly discuss.

Thanks,

Mollie

---

**From:** Brotnow, Michael  
**Sent:** Wednesday, November 21, 2018 10:25 AM  
**To:** Ahamed, Safiullah Vaseem (Contractor) <SafiullahVaseem.Ahamed@searshc.com>  
**Cc:** Martin, Scott <Scott.Martin@searshc.com>; Davis, Judy <judy.Davis@searshc.com>; Khan, Aziz <Aziz.Khan@searshc.com>; Huron, Mollie <mollie.huron@searshc.com>  
**Subject:** FW: Sears HK

Safiullah --

Can you address Aziz's question below:

Did a similar layout for HK (Borrower) and SHC -/ Kmart (Lender) but based on the attached balance sheet I am missing and trying to confirm the following.

- Kmart sends the cash on a qrtly basis and gets the whole amount back the same day due to pooling, so does that mean the attached balance sheet for HK there is no intercompany between HK and Kmart and the quarterly cash was settled?
- The B/S shows a negative intercompany is it in local currency? If so what is the exchange rate being utilized?

Mike Brotnow

Business Controller - Online, SYW, ISIG, R.E.

Director - Corporate Subsidiaries

P 847.286.6937 | michael.brotnow@searshc.com

---

**From:** Khan, Aziz  
**Sent:** Tuesday, November 20, 2018 7:08 PM  
**To:** Huron, Mollie <mollie.huron@searshc.com>; Brotnow, Michael <Michael.Brotnow@searshc.com>; Honig, George <George.Honig@searshc.com>;

Wilczak, Tom <Thomas.Wilczak@searshc.com>  
Cc: Valentino, Luke <Luke.Valentino@searshc.com>  
Subject: Re: Sears HK

Needs to get posted for the DIP facility.

Aziz

On Nov 20, 2018, at 3:58 PM, Khan, Aziz <Aziz.Khan@searshc.com> wrote:

Any thoughts or update on the below?

Aziz

---

**From:** Khan, Aziz  
**Sent:** Tuesday, November 20, 2018 1:36 PM  
**To:** Huron, Mollie <mollie.huron@searshc.com>  
**Cc:** Brotnow, Michael <Michael.Brotnow@searshc.com>; Valentino, Luke <Luke.Valentino@searshc.com>; Honig, George <George.Honig@searshc.com>; Wilczak, Tom <Thomas.Wilczak@searshc.com>  
**Subject:** RE: Sears HK

Mollie -- thanks.

Attached is a excel template labeled intercompany that lays out the borrower, lender, LC Amount, exchange rate and USD equivalent.

Based on the balance sheet for Israel as of October, dropped in the intercompany between SHI (borrower) and SHC (Lender) for 9M Shekel and used a 3.6 exchange rate to come up with \$2.66M in USD.

- What I am unsure of is the exact exchange rate the company is using to convert the intercompany into USD.

Did a similar layout for HK (Borrower) and SHC -/ Kmart (Lender) but based on the attached balance sheet I am missing and trying to confirm the following:

- Kmart sends the cash on a qrtly basis and gets the whole amount back the same day due to pooling, so does that mean the attached balance sheet for HK there is no intercompany between HK and Kmart and the quarterly cash was settled?
- The B/S shows a negative intercompany is it in local currency? If so what is the exchange rate being utilized?


This attached intercompany spreadsheet is looking to posted for DIP purposes today.


Appreciate all the help.


Aziz

---

**3 attachments**

 11475 A\_R 2018\_Jan 2019.xlsx  
802K

 11475 A\_R 2019\_Mar 2019.xlsx  
617K

 noname.eml  
2018K

William Jacobs <jacobsw123@gmail.com>  
To: "Foote, Rosheen" <rosheen.foote@searshc.com>

Mon, May 13, 2019 at 1:34 PM

Hi Rosheen,

Can you respond to this email that Mike sent out. We need to determine if this receivable was paid, when it was paid, and to what account was it paid.

Please advise as we are trying to prepare the information for your leadership team.

Thanks,

Bill

----- Forwarded message -----

From: Kleist, Mike <Michael.Kleist@searshc.com>  
Date: Thu, May 9, 2019 at 10:13 AM  
Subject: RE: A/R Funds Left with the Estate  
To: William Jacobs <jacobsw123@gmail.com>  
[Quoted text hidden]  
[Quoted text hidden]  
[Quoted text hidden]

William Jacobs <jacobsw123@gmail.com>  
To: "Davis, Judy" <Judy.Davis@searshc.com>

Mon, May 13, 2019 at 1:36 PM

Judy,

Thanks for the information. I can see that the end of year numbers balance to the totals for 38044, 38468, and 38824. How can I find out how much of the balance from 2/2/19 was actually paid off, and to which account it was paid.

We are trying to pull this information for the leadership team.

Please advise how I can obtain this information.

Thanks,

Bill

[Quoted text hidden]

[Quoted text hidden]

----- Forwarded message -----

From: "Ahamed, Safiullah Vaseem (Contractor)" <SafiullahVaseem.Ahamed@searshc.com>  
To: "Davis, Judy" <Judy.Davis@searshc.com>  
Cc:  
Bcc:  
Date: Thu, 9 May 2019 18:58:26 +0000  
Subject: Re: Sears HK  
Hi Judy,

Attached is the 11475 reconciliation for PD 12 2018 & PD 02 2019. Thanks!!!

Best Regards,

Safiullah Vaseem Ahamed, CMA

Onecard, IBO, Advertising & Return Check

Phone : 1-855-646-0520 Ext: 5511265

From: Davis, Judy  
Sent: Thursday, May 9, 2019 1:24 PM  
To: Ahamed, Safiullah Vaseem (Contractor)  
Subject: FW: Sears HK

Safiullah,

I'm looking for the reconciliation for the PS account 11475. Could you provide the reconciliation for Period 12 2018 and period 2 2019?

Thanks,  
Judy Davis  
Director Controller-Online, Logistics

**From:** Ahamed, Safiullah Vaseem (Contractor)  
**Sent:** Wednesday, November 28, 2018 4:00 PM  
**To:** Brotnow, Michael <Michael.Brotnow@searshc.com>  
**Cc:** Martin, Scott <Scott.Martin@searshc.com>; Davis, Judy <Judy.Davis@searshc.com>; Paoletti, Roy <Roy.Paoletti@searshc.com>; Zink, Donna <Donna.Zink@searshc.com>; Vedagiri, Suresh (Contractor) <Suresh.Vedagiri@searshc.com>; Huron, Mollie <mollie.huron@searshc.com>; Khan, Aziz <Aziz.Khan@searshc.com>  
**Subject:** Re: Sears HK

Hi Michael,

Below are the answers for your reference,

1. What was the SHGS commission owed at the time of the filing (i.e., as of 10/14/18)?

Sears Shipment Commission as on 10/14/2018 [9/30/2018 to 10/14/2018]	\$ 559,350.92	October 2018 Commission Split
Kmart Shipment Commission as on 10/14/2018 [07/29/2018 to 10/14/2018]	\$ 4,809,768.49	Aug to Oct [Commission split on Oct 2018]

2. What % of purchases are for Kmart vs. Sears (is it ~ a 50/50 split, or does Kmart have a higher % of import purchases historically, maybe 2017 full year vs. 2018 Oct YTD)?

The commissions are charged on the FOB value of shipment, which is 3.5%. Being said below are the break-up of FOB value of Shipment to Kmart & Sears for 2017 & 2018 up to October.

	YTD 2017	YTD Oct 2018
	Merchandise Shipped to USA	Merchandise Shipped to USA
Kmart FOB Value	747,593,103.71	419,578,687.14
Sears FOB Value	892,796,323.14	651,677,154.57
Total	1,640,389,426.86	1,071,255,841.71

3. To confirm, Sears commission made on a monthly basis and Kmart on a quarterly basis? Why the difference?

Yes, Sears Shipment commission are made on a Monthly basis & Kmart on Quarterly basis. We speculate that Sears is larger than Kmart, so the more frequent payments, but we do not know why for sure. May be historically Kmart may be on Quarterly basis. But still no idea.

When is the next payment due? When was the last payment made and as the Q3 payment made in Nov already?

Sears:

Last Payment made for Sears Commission was on 6<sup>th</sup> November 2018 [October commission to SHGS]

Next payment due from Sears to SHGS is on 4<sup>th</sup> December 2018 [Commission figure yet to receive from SHGS]

Kmart:

Last I/C clearance made for Kmart to SHGS on 28<sup>th</sup> August 2018 [Q2 I/C settlement (In & Out)].

And for Q3 2018 we have not send out wire and as per the guidelines of Sunny Singh we will make only the Postings without fund transfer (In & Out).



4. Are operating expenses pre-paid based on estimates or in arrears?

As per our knowledge, Sears commission is paid on monthly basis to support their Operations and Any excess funds that will be transferred to Kmart so the estimate doesn't accumulate either way (on our side or theirs) and that the maximum they can hold is \$ 1 million.

Do the operating expenses fluctuate and if so what do they cover?

SHGS Operating expenses are grouped as follows,

A06001 Payroll & Incentive

A06005 Benefits & P/R Tax

A06008 Outside Serv/Assoc Exp

A06012 Equipment Expenses

A06016 Occupancy Repairs

A06030 Utilities & Telephone

A06150 Display Expense

A06037 Supplies & Postage

A06041 Insurance Expense

A06044 Miscellaneous Exp/Inc

Intra IBO Service Inc/Exp

A06061 P: Depreciation/Amortization

I have attached the YTD P&L report as of Oct 2018 of SHGS for your reference. if you need detailed expense details, please refer P&L attached.

Best Regards,

Safiullah Vaseem Ahamed, CMA

Onecard, IBO, Advertising & Return Check

Phone : 1-855-646-0520 Ext: 5511265

---

From: Brotnow, Michael

Sent: Tuesday, November 27, 2018 2:34 PM

To: Ahamed, Safiullah Vaseem (Contractor)

Cc: Martin, Scott; Davis, Judy; Paoletti, Roy; Zink, Donna; Vedagiri, Suresh (Contractor); Huron, Mollie; Khan, Aziz

Subject: RE: Sears HK

A few follow up questions for SHGS from meeting with the Creditors Committee outside counsel yesterday:

- What was the SHGS commission owed at the time of the filing (i.e., as of 10/14/18)?
- What % of purchases are for Kmart vs. Sears (is it ~ a 50/50 split, or does Kmart have a higher % of import purchases historically, maybe 2017 full year vs. 2018 Oct YTD)?
- To confirm, Sears commission made on a monthly basis and Kmart on a quarterly basis? Why the difference?
- When is the next payment due? When was the last payment made and as the Q3 payment made in Nov already?
- Are operating expenses pre-paid based on estimates or in arrears?
- Do the operating expenses fluctuate and if so what do they cover?

Thanks,

Mike Brotnow

Business Controller - Online, SYW, IS TG, R/E

Director - Corporate Subsidiaries

P 1547.288 5837 | michael.brotnow@searshc.com

**From:** Ahamed, Safiullah Vaseem (Contractor)

**Sent:** Wednesday, November 21, 2018 11:56 AM

**To:** Huron, Mollie <mollie.huron@searshc.com>; Khan, Aziz <Aziz.Khan@searshc.com>

**Cc:** Martin, Scott <Scott.Martin@searshc.com>; Davis, Judy <Judy.Davis@searshc.com>; Brotnow, Michael <Michael.Brotnow@searshc.com>; Paoletti, Roy <Roy.Paoletti@searshc.com>; Zink, Donna <Donna.Zink@searshc.com>; Vedagiri, Suresh (Contractor) <Suresh.Vedagiri@searshc.com>

**Subject:** Fw: Sears HK

Hi Aziz,

Further to below email, I herewith attached the SHGS Balance sheet and 15200 account balance as of Oct 2018 is \$59M receivable.

+++ Roy & Donna

Best Regards,

Safiullah Vaseem Ahamed, CMA

Onecard, IBO, Advertising & Return Check

Phone : 1-855-646-0520 Ext: 5511265

**From:** Huron, Mollie

**Sent:** Wednesday, November 21, 2018 10:49 AM

**To:** Brotnow, Michael; Ahamed, Safiullah Vaseem (Contractor)

**Cc:** Martin, Scott; Davis, Judy; Khan, Aziz

**Subject:** RE: Sears HK

Aziz,

I added the legal entity view in the attached file. This is pulled from our general ledger so it is US \$. I think you are looking for the account 15200 balance highlighted in green. SHGS has a \$59M receivable as of Oct 2018. Call me when you have time to briefly discuss.

Thanks,

Mollie

**From:** Brotnow, Michael

**Sent:** Wednesday, November 21, 2018 10:25 AM

**To:** Ahamed, Safiullah Vaseem (Contractor) <SafiullahVaseem.Ahamed@searshc.com>

**Cc:** Martin, Scott <Scott.Martin@searshc.com>; Davis, Judy <Judy.Davis@searshc.com>; Khan, Aziz <Aziz.Khan@searshc.com>; Huron, Mollie <mollie.huron@searshc.com>

**Subject:** FW: Sears HK

Safiullah --

Can you address Aziz's question below:

Did a similar layout for HK (Borrower) and SHC -/ Kmart (Lender) but based on the attached balance sheet I am missing and trying to confirm the following:

- Kmart sends the cash on a qrtly basis and gets the whole amount back the same day due to pooling, so does that mean the attached balance sheet for HK there is no intercompany between HK and Kmart and the quarterly cash was settled?
- The B/S shows a negative intercompany is it in local currency? If so what is the exchange rate being utilized?

Mike Brotnow

Business Controller - Online, SYW, HSTG, R.E.

Director - Corporate Subsidiaries

P 847.286.5937 | michael.brotnow@searshc.com

**From:** Khan, Aziz

**Sent:** Tuesday, November 20, 2018 7:08 PM

**To:** Huron, Mollie <mollie.huron@searshc.com>; Brotnow, Michael <Michael.Brotnow@searshc.com>; Honig, George <George.Honig@searshc.com>; Wilczak, Tom <Thomas.Wilczak@searshc.com>

**Cc:** Valentino, Luke <Luke.Valentino@searshc.com>

**Subject:** Re: Sears HK

Needs to get posted for the DIP facility.

Aziz

On Nov 20, 2018, at 3:58 PM, Khan, Aziz <Aziz.Khan@searshc.com> wrote:

Any thoughts or update on the below?

Aziz

**From:** Khan, Aziz

**Sent:** Tuesday, November 20, 2018 1:36 PM

**To:** Huron, Mollie <mollie.huron@searshc.com>

**Cc:** Brotnow, Michael <Michael.Brotnow@searshc.com>; Valentino, Luke <Luke.Valentino@searshc.com>; Honig, George <George.Honig@searshc.com>; Wilczak, Tom <Thomas.Wilczak@searshc.com>

**Subject:** RE: Sears HK

Mollie -- thanks.

Attached is a excel template labeled intercompany that lays out the borrower, lender, LC Amount, exchange rate and USD equivalent.

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- The B/S shows a negative intercompany is it in local currency? If so what is the exchange rate being utilized?

This attached intercompany spreadsheet is looking to posted for DiP purposes today.

Appreciate all the help.

Aziz

[Quoted text hidden]

**Foote, Rosheen** <Rosheen.Foote@searshc.com>  
To: William Jacobs <jacobsw123@gmail.com>

Mon, May 13, 2019 at 2:52 PM

This receivable represents money deposited into a trust account and offset by a liability in 9930 21150 Div 0400. As the work is completed, both accounts are reduced in conjunction. Below is the current balance.

			Jboss	GL Balance	Correcting Entry	Expense(+)/Revenue(-)
<b>Buyer 1000 - RI</b>	9930	A/C 11475 Div 5711	876,200.34	876,202.00	(1.66)	1.66
<b>Buyer 1000 - RI</b>	9930	A/C 21150 Div 0400	876,200.34	(876,202.00)	1.66	(1.66)

Thanks,

Rosheen

[Quoted text hidden]

[Quoted text hidden]

**William Jacobs** <jacobsw123@gmail.com>  
To: "Foote, Rosheen" <Rosheen.Foote@searshc.com>

Tue, May 14, 2019 at 9:43 AM

Can you give me more details on how this receivables account is reduced? Is there a payment received by Transform from some entity? Or is it an accounting entry? The leadership team is asking us to provide information on when these receivables were paid and what bank account the payments were made to. Can you help answer these questions?

If it makes more sense you can call me to discuss at 201.723.6430.

Thanks,

Bill

[Quoted text hidden]

**William Jacobs** <jacobsw123@gmail.com>  
To: "Stopen, Keith" <keith.stopen@searshc.com>

Tue, May 14, 2019 at 9:58 AM

Hi Keith,

I spoke to Mary Brisentine yesterday about a receivable for acct #11475 that was left with the Estate. The portion that seemed to point to Mary was the \$252,861 from Mike's note. In my conversation yesterday she mentioned that you may have additional information on this receivable as of 2/2/19. She mentioned that it not have been valid receivable and was written off. Can you review and call me or let me know any info you have on these dollars for this account.

Thanks,

Bill  
201.723.6430

----- Forwarded message -----

From: Kleist, Mike <Michael.Kleist@searshc.com>

Date: Thu, May 9, 2019 at 10:13 AM

Subject: RE: A/R Funds Left with the Estate

To: William Jacobs <jacobsw123@gmail.com>

Cc: Brisentine, Mary <mary.brisentine@searsfranchises.com>, Foote, Rosheen <Rosheen.Foote@searshc.com>, Davis, Judy <Judy.Davis@searshc.com>

[Quoted text hidden]

[Quoted text hidden]

Foote, Rosheen <Rosheen.Foote@searshc.com>

Tue, May 14, 2019 at 9:58 AM

To: William Jacobs <jacobsw123@gmail.com>

The accounts increase when Retail Installment (RI) opens a Service Order with Service Live (SL). Money is taken from RI and deposited into a trust account.

Instant ACH Deposit							
RI	Dr	SHC Prepaid Expense	54584	13165	400	1122	Book Prepaid for RI
RI	Cr	Retail Installation Cash	54584	10302	400		Cash Withdraw (ACH debit) to fund Service order
SL	Dr	Retail Installation Prepaid Expense	9930	11475	5711	1121	fund wallet
SL	Cr	Retail Installation Customer Deposits	9930	21150	400		books Service Live liability
Increase in spend limit							

The accounts decrease when the service order has been completed. The money is then moved to the various other "wallets". Of this money, Service Live only receives a commission. The remainder is owed to the provider that completed the work.

SL	Dr	Retail Installation Customer Deposits	9930	21150	400	10003	reduces liability for earned commission
SL	Cr	Retail Installation Prepaid Expense	9930	11475	5711		reduces buyer wallet by commission amount
SL	Dr	Retail Installation Customer Deposits	9930	21150	400	10003	clears liability to buyer
SL	Cr	Customer Deposits Provider	9930	11475	400		books liability to provider
SL	Dr	SL Consumer Due Provider	9930	11475	5711	10006	increase provider wallet
SL	Cr	Retail Installation Prepaid Expense	9930	11475	5711		reduce buyer wallet

[Quoted text hidden]

[Quoted text hidden]

Stopen, Keith <Keith.Stopen@searshc.com>

Tue, May 14, 2019 at 11:55 AM

To: William Jacobs <jacobsw123@gmail.com>

Bill

I can reach out later this afternoon. I think the verdict is this was a pre-paid and not AR and thus the write off has do with pre-pays were valued at 0 at time of the purchase pending a global valuation from E&Y. In short it was booked to the wrong account based on what I understood of the conversation. I am answering this for only the Transform side of the books, the Estates treatment could be different.

That said, we can walk through the pieces since technically the ST was left with the estate and the ET was silent.

thx

[Quoted text hidden]

[Quoted text hidden]

william jacobs <jacobsw123@gmail.com>

Tue, May 14, 2019 at 12:01 PM

To: "Stopen, Keith" <Keith.Stopen@searshc.com>

Thanks. Give me a call this afternoon and we can discuss.

Bill

Sent from my iPhone

[Quoted text hidden]

---

**Stopen, Keith** <Keith.Stopen@searshc.com>  
To: **william jacobs** <jacobsw123@gmail.com>

Tue, May 14, 2019 at 7:05 PM

Bill

My day just finally freed up.

We can touch base on Wednesday if you don't have time tonight

thanks

[Quoted text hidden]

[Quoted text hidden]

---

**william jacobs** <jacobsw123@gmail.com>  
To: "Stopen, Keith" <Keith.Stopen@searshc.com>

Tue, May 14, 2019 at 7:19 PM

No problem. We can touch base in the morning. I can give you a call.

Bill

Sent from my iPhone

[Quoted text hidden]

---

**William Jacobs** <jacobsw123@gmail.com>  
To: **Noemi McAndrews** <noemcandrews@gmail.com>

Wed, May 15, 2019 at 3:23 PM

[Quoted text hidden]

---

**William Jacobs** <jacobsw123@gmail.com>  
To: **Noemi McAndrews** <noemcandrews@gmail.com>

Wed, May 15, 2019 at 3:25 PM

[Quoted text hidden]

---

**William Jacobs** <jacobsw123@gmail.com>  
To: **Noemi McAndrews** <noemcandrews@gmail.com>

Wed, May 15, 2019 at 3:28 PM

----- Forwarded message -----

From: **William Jacobs** <jacobsw123@gmail.com>

Date: Mon, May 13, 2019 at 12:34 PM

[Quoted text hidden]

[Quoted text hidden]

[Quoted text hidden]

---

**William Jacobs** <jacobsw123@gmail.com>  
To: "Foote, Rosheen" <Rosheen.Foote@searshc.com>

Fri, May 24, 2019 at 9:41 AM

Hi Rosheen,

My understanding from our conversation is that this account (your portion of #11475) is not a true receivables account. This is a trust account that is offset by internal transactions and is not cleared by payments from outside the organization.

Please confirm if this is correct.

Thanks for your help.

Bill

[Quoted text hidden]

---

**Foote, Rosheen** <Rosheen.Foote@searshc.com>  
To: **William Jacobs** <jacobsw123@gmail.com>

Fri, May 24, 2019 at 10:12 AM

This is correct.

[Quoted text hidden]  
[Quoted text hidden]

---

**William Jacobs** <jacobsw123@gmail.com>  
To: "Foote, Rosheen" <Rosheen.Foote@searshc.com>

Fri, May 24, 2019 at 10:13 AM

Thanks. Have a good weekend.

Bill

[Quoted text hidden]

---

**William Jacobs** <jacobsw123@gmail.com>  
To: "Davis, Judy" <Judy.Davis@searshc.com>  
Cc: Noemi McAndrews <noemcandrews@gmail.com>

Tue, May 28, 2019 at 11:59 AM

Hi Judy,

I hope you had a good vacation. For the three portions of the 11475 account, can someone provide how much of the 2/2/19 balance has been paid, when it was paid, and to which account? Similar information that you provided to Noemi and me on some other accounts a few weeks ago.

Thanks,

Bill

[Quoted text hidden]

---

**William Jacobs** <jacobsw123@gmail.com>  
To: "Davis, Judy" <Judy.Davis@searshc.com>, Noemi McAndrews <noemcandrews@gmail.com>

Mon, Jun 3, 2019 at 1:21 PM

Judy,

Just following up on this request. Can you please have someone look at this as soon as possible. We're pulling information for the attorneys and Kunal today.

We need to have this information in the data we are providing.

Thank you.

Bill

[Quoted text hidden]

---

**Davis, Judy** <Judy.Davis@searshc.com>  
To: William Jacobs <jacobsw123@gmail.com>, Noemi McAndrews <noemcandrews@gmail.com>

Mon, Jun 3, 2019 at 1:22 PM

I can't get to it today. It's closing and I have too much to do today.

---

**From:** William Jacobs [mailto:jacobsw123@gmail.com]  
**Sent:** Monday, June 03, 2019 12:21 PM  
**To:** Davis, Judy <Judy.Davis@searshc.com>; Noemi McAndrews <noemcandrews@gmail.com>  
**Subject:** Re: A/R Funds Left with the Estate

**Enterprise Security Team Alert:** This email originated from outside of the organization. Please use caution when opening messages from external sources.

Judy,

Just following up on this request. Can you please have someone look at this as soon as possible. We're pulling information for the attorneys and Kunal today.

We need to have this information in the data we are providing.

Thank you.

Bill

On Tue, May 28, 2019 at 10:59 AM William Jacobs <jacobsw123@gmail.com> wrote:

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Thanks,

Bill

On Mon, May 13, 2019 at 12:36 PM William Jacobs <jacobsw123@gmail.com> wrote:

Judy,

Thanks for the information. I can see that the end of year numbers balance to the totals for 38044, 38468, and 38824. How can I find out how much of the balance from 2/2/19 was actually paid off, and to which account it was paid.

We are trying to pull this information for the leadership team.

Please advise how I can obtain this information.

Thanks,

Bill

On Thu, May 9, 2019 at 2:04 PM Davis, Judy <Judy.Davis@searshc.com> wrote:

Please see the attachment for 38044, 38468 & 38824.

Thanks,

Judy

---

**From:** Kleist, Mike

**Sent:** Thursday, May 09, 2019 10:13 AM

**To:** William Jacobs <jacobsw123@gmail.com>

**Cc:** Brisentine, Mary <mary.brisentine@searsfranchises.com>; Foote, Rosheen <Rosheen.Foote@searshc.com>; Davis, Judy <Judy.Davis@searshc.com>

**Subject:** RE: A/R Funds Left with the Estate

Ladies,

Per Bill's email below they are trying to determine if/how the receivables were cleared as they were part of the estate.

Can you provide some insight. If cash was received....When and where was the cash posted, etc.



	TOTSHC TOTAL SHC DIVISION
	HTD(Jan)
	2018 Actuals
	11475 A/R - OTHER COMPANIES
██████████ COLUMBUS, OH	252,861
██████████ SAN ANTONIO, TX	1,089,843
38044 FAR EAST	874,186
38468 QUALITY ASSURANCE LAB	91,250
38824 LANDS END GS HK	1,978

TRFM-00018679

were paid into. Any information you can provide would be helpful. We're just trying to put the pieces together on the \$34.7M.

--

Regards,

Bill Jacobs

GRA, LLC

jacobsw123@gmail.com

201 723.6430

This message, including any attachments, is the property of Transform HoldCo LLC and/or one of its subsidiaries. It is confidential and may contain proprietary or legally privileged information. If you are not the intended recipient, please delete it without reading the contents. Thank you.

----- Forwarded message -----

From: "Ahamed, Safiullah Vaseem (Contractor)" <SafiullahVaseem.Ahamed@searshc.com>

To: "Davis, Judy" <Judy.Davis@searshc.com>

Cc:

Bcc:

Date: Thu, 9 May 2019 18:58:26 +0000

Subject: Re: Sears HK

Hi Judy,

Attached is the 11475 reconciliation for PD 12 2018 & PD 02 2019. Thanks!!!

Best Regards,

Safiullah Vaseem Ahamed, CMA

Onecard, IBO, Advertising & Return Check

Phone : 1-855-646-0520 Ext: 5511265

From: Davis, Judy

Sent: Thursday, May 9, 2019 1:24 PM

To: Ahamed, Safiullah Vaseem (Contractor)

Subject: FW: Sears HK

Safiullah,

I'm looking for the reconciliation for the PS account 11475. Could you provide the reconciliation for Period 12 2018 and period 2 2019?

Thanks,

Judy Davis

Director Controller-Online, Logistics

From: Ahamed, Safiullah Vaseem (Contractor)

Sent: Wednesday, November 28, 2018 4:00 PM

To: Brotnow, Michael <Michael.Brotnow@searshc.com>

Cc: Martin, Scott <Scott.Martin@searshc.com>; Davis, Judy <Judy.Davis@searshc.com>; Paoletti, Roy <Roy.Paoletti@searshc.com>; Zink, Donna <Donna.Zink@searshc.com>; Vedagiri, Suresh (Contractor) <Suresh.Vedagiri@searshc.com>; Huron, Mollie <mollie.huron@searshc.com>; Khan, Aziz <Aziz.Khan@searshc.com>

Subject: Re: Sears HK

Hi Michael,

Below are the answers for your reference,

1. What was the SHGS commission owed at the time of the filing (i.e., as of 10/14/18)?

Sears Shipment Commission as on 10/14/2018 [9/30/2018 to 10/14/2018]	\$ 559,350.92	October 2018 Commission Split
Kmart Shipment Commission as on 10/14/2018 [07/29/2018 to 10/14/2018]	\$ 4,809,768.49	Aug to Oct [Commission split on Oct 2018]

2. What % of purchases are for Kmart vs. Sears (is it ~ a 50/50 split, or does Kmart have a higher % of import purchases historically, maybe 2017 full year vs. 2018 Oct YTD)?

The commissions are charged on the FOB value of shipment, which is 3.5%. Being said below are the break-up of FOB value of Shipment to Kmart & Sears for 2017 & 2018 up to October.

	YTD 2017	YTD Oct 2018
	Merchandise Shipped to USA	Merchandise Shipped to USA
Kmart FOB Value	747,593,103.71	419,578,687.14
Sears FOB Value	892,796,323.14	651,677,154.57
Total	1,640,389,426.86	1,071,255,841.71

3. To confirm, Sears commission made on a monthly basis and Kmart on a quarterly basis? Why the difference?

Yes, Sears Shipment commission are made on a Monthly Basis & Kmart on Quarterly basis. We speculate that Sears is larger than Kmart, so the more frequent payments, but we do not know why for sure. May be historically Kmart may be on Quarterly basis. But still no idea.

When is the next payment due? When was the last payment made and as the Q3 payment made in Nov already?

Sears:

Last Payment made for Sears Commission was on 6<sup>th</sup> November 2018 [October commission to SHGS]

Next payment due from Sears to SHGS is on 4<sup>th</sup> December 2018 [Commission figure yet to receive from SHGS]

Kmart:

Last I/C clearance made for Kmart to SHGS on 28<sup>th</sup> August 2018 [Q2 I/C settlement (In & Out)].

And for Q3 2018 we have not send out wire and as per the guidelines of Sunny Singh we will make only the Postings without fund transfer (In & Out).

4. Are operating expenses pre-paid based on estimates or in arrears?

As per our knowledge, Sears commission is paid on monthly basis to support their Operations and Any excess funds that will be transferred to Kmart so the estimate doesn't accumulate either way (on our side or theirs) and that the maximum they can hold is \$ 1 million.

Do the operating expenses fluctuate and if so what do they cover?

SHGS Operating expenses are grouped as follows,

A06001 Payroll & Incentive

A06005 Benefits & P/R Tax

A06008 Outside Serv/Assoc Exp

A06012 Equipment Expenses

A06016 Occupancy Repairs

A06020 Utilities & Telephone

A06180 Display Expense

A06037 Supplies & Postage

A06041 Insurance Expense

A06044 Miscellaneous Exp/Inc

Intra FBO Service Inc/Exp

A06051 F: Depreciation/Amortization

I have attached the YTD P&L report as of Oct 2018 of SHGS for your reference. If you need detailed expense details, please refer P&L attached.

*Best Regards,*

*Safiullah Vaseem Ahamed, CMA*

*Onecard, IBO, Advertising & Return Check*

*Phone : 1-855-646-0520 Ext: 5511265*

---

**From:** Brotnow, Michael

**Sent:** Tuesday, November 27, 2018 2:34 PM

**To:** Ahamed, Safiullah Vaseem (Contractor)

**Cc:** Martin, Scott; Davis, Judy; Paoletti, Roy; Zink, Donna; Vedagiri, Suresh (Contractor); Huron, Mollie; Khan, Aziz

**Subject:** RE: Sears HK

A few follow up questions for SHGS from meeting with the Creditors Committee outside counsel yesterday:

- What was the SHGS commission owed at the time of the filing (i.e., as of 10/14/18)?
- What % of purchases are for Kmart vs. Sears (is it ~ a 50/50 split, or does Kmart have a higher % of import purchases historically, maybe 2017 full year vs. 2018 Oct YTD)?
- To confirm, Sears commission made on a monthly basis and Kmart on a quarterly basis? Why the difference?
- When is the next payment due? When was the last payment made and as the Q3 payment made in Nov already?
- Are operating expenses pre-paid based on estimates or in arrears?
- Do the operating expenses fluctuate and if so what do they cover?

Thanks,

Mike Brotnow

Business Controller - Online, SYW, IS TO: R.E.

Director - Corporate Subsidiaries

P 847.286.6937 | michael.brotnow@searshc.com

---

**From:** Ahamed, Safiullah Vaseem (Contractor)

**Sent:** Wednesday, November 21, 2018 11:56 AM

**To:** Huron, Mollie <mollie.huron@searshc.com>; Khan, Aziz <Aziz.Khan@searshc.com>

**Cc:** Martin, Scott <Scott.Martin@searshc.com>; Davis, Judy <Judy.Davis@searshc.com>; Brotnow, Michael <Michael.Brotnow@searshc.com>;

Paoletti, Roy <Roy.Paoletti@searshc.com>; Zink, Donna <Donna.Zink@searshc.com>; Vedagiri, Suresh (Contractor)

<Suresh.Vedagiri@searshc.com>

**Subject:** Fw: Sears HK

Hi Aziz,

Further to below email, I herewith attached the SHGS Balance sheet and 15200 account balance as of Oct 2018 is \$59M receivable.

+++ Roy & Donna

Best Regards,

Safiullah Vaseem Ahamed, CMA

Onesard, IEO, Advertising & Return Check

Phone : 1-855-646-0520 Ext: 5511265

---

**From:** Huron, Mollie  
**Sent:** Wednesday, November 21, 2018 10:49 AM  
**To:** Brotnow, Michael; Ahamed, Safiullah Vaseem (Contractor)  
**Cc:** Martin, Scott; Davis, Judy; Khan, Aziz  
**Subject:** RE: Sears HK

Aziz,

I added the legal entity view in the attached file. This is pulled from our general ledger so it is US \$. I think you are looking for the account 15200 balance highlighted in green. SHSS has a \$59M receivable as of Oct 2018. Call me when you have time to briefly discuss.

Thanks,

Mollie

---

**From:** Brotnow, Michael  
**Sent:** Wednesday, November 21, 2018 10:25 AM  
**To:** Ahamed, Safiullah Vaseem (Contractor) <SafiullahVaseem.Ahamed@searshc.com>  
**Cc:** Martin, Scott <Scott.Martin@searshc.com>; Davis, Judy <Judy.Davis@searshc.com>; Khan, Aziz <Aziz.Khan@searshc.com>; Huron, Mollie <mollie.huron@searshc.com>  
**Subject:** FW: Sears HK

Safiullah –

Can you address Aziz's question below:

Did a similar layout for HK (Borrower) and SHC -/ Kmart (Lender) but based on the attached balance sheet I am missing and trying to confirm the following:

- Kmart sends the cash on a qrtly basis and gets the whole amount back the same day due to pooling, so does that mean the attached balance sheet for HK there is no intercompany between HK and Kmart and the quarterly cash was settled?
- The B/S shows a negative intercompany is it in local currency? If so what is the exchange rate being utilized?

Mike Brotnow

Business Controller - Online, SYW, I&TG, R.E.

Director - Corporate Subsidiaries

P 847.266.8937 | michael.brotnow@searshc.com

**From:** Khan, Aziz  
**Sent:** Tuesday, November 20, 2018 7:08 PM  
**To:** Huron, Mollie <mollie.huron@searshc.com>; Brotnow, Michael <Michael.Brotnow@searshc.com>; Honig, George <George.Honig@searshc.com>; Wilczak, Tom <Thomas.Wilczak@searshc.com>  
**Cc:** Valentino, Luke <Luke.Valentino@searshc.com>  
**Subject:** Re: Sears HK

Needs to get posted for the DIP facility.

Aziz

On Nov 20, 2018, at 3:58 PM, Khan, Aziz <Aziz.Khan@searshc.com> wrote:

Any thoughts or update on the below?

Aziz

---

**From:** Khan, Aziz  
**Sent:** Tuesday, November 20, 2018 1:36 PM  
**To:** Huron, Mollie <mollie.huron@searshc.com>  
**Cc:** Brotnow, Michael <Michael.Brotnow@searshc.com>; Valentino, Luke <Luke.Valentino@searshc.com>; Honig, George <George.Honig@searshc.com>; Wilczak, Tom <Thomas.Wilczak@searshc.com>  
**Subject:** RE: Sears HK

Mollie – thanks.

Attached is a excel template labeled intercompany that lays out the borrower, lender, LC Amount, exchange rate and USD equivalent.

Based on the balance sheet for Israel as of October, dropped in the intercompany between SHI (borrower) and SHC (Lender) for 9M Shekel and used a 3.6 exchange rate to come up with \$2.66M in USD.

- What I am unsure of is the exact exchange rate the company is using to convert the intercompany into USD.

Did a similar layout for HK (Borrower) and SHC -/ Kmart (Lender) but based on the attached balance sheet I am missing and trying to confirm the following:

- Kmart sends the cash on a qrtly basis and gets the whole amount back the same day due to pooling, so does that mean the attached balance sheet for HK there is no intercompany between HK and Kmart and the quarterly cash was settled?
- The B/S shows a negative intercompany is it in local currency? If so what is the exchange rate being utilized?

This attached intercompany spreadsheet is looking to posted for DIP purposes today.

Appreciate all the help.

Aziz

--

Regards,

Bill Jacobs  
GRA, LLC  
jacobs123@gmail.com  
201 723.6430

--

Regards,

Bill Jacobs  
GRA, LLC  
jacobs123@gmail.com  
201 723.6430

--

Regards,

Bill Jacobs  
GRA, LLC  
jacobs123@gmail.com  
201 723.6430

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William Jacobs <jacobs123@gmail.com> Thu, Jun 6, 2019 at 4:02 PM  
To: Dwight A Scales <Dwight.A.Scales@ey.com>, Eugene Lavrov <Eugene.Lavrov@ey.com>, Joseph Weaver <Joseph.Weaver@ey.com>, Ryan P Rowan <ryan.rowan@ey.com>

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- Kmart sends the cash on a qrtly basis and gets the whole amount back the same day due to pooling, so does that mean the attached balance sheet for HK there is no

[Quoted text hidden]

# **Exhibit L**





Noemi McAndrews <noemcandrews@gmail.com>

## 11333 A/R CITI OTHER RECEIVABLES

3 messages

Noemi McAndrews <noemcandrews@gmail.com>  
To: Andrea.Anderson@searshc.com

Thu, May 9, 2019 at 9:53 AM

Andrea,

I worked with Nader Tavakoli and we are gathering information regarding the status of the above account which originally was part of the specified receivable. As you know this was removed and left with the estate. Based on previous conversations I understand that the balance of \$9.1M might have already been collected. If this is correct, please let me know when the funds were received and to which bank account has the funds. We also need confirmation if the entire amount was collected and by when was this balance clear.

Feel free to contact me if you have any questions or concerns. Thanking you in advance for your assistance in this matter.

Regards,  
Noemi McAndrews,  
GRA, LLC.  
noemcandrews@gmail.com  
201-543-3646

Noemi McAndrews <noemcandrews@gmail.com>  
To: Andrea.Anderson@searshc.com

Thu, May 9, 2019 at 9:59 AM

Andrea,

My apologies, I just noticed that there were two other accounts that are under the same category. Originally part of the specified receivable but later removed and kept with the estate. If you could please review these 3 accounts and provide me the information requested on my initial e-mail it would be greatly appreciated.

Account	Description	Location	Balance	Current YTD	Comments
11330 A/R - NEW ACCOUNT B	54613	405NY	456CEB	5902,925.44	Sears
11330 A/R - NEW ACCOUNT B	54644	405NY	456CEA	5218,907.56	Sears
11330 A/R - NEW ACCOUNT B	54645	405NY	456CEA	5787,678.42	Sears
11331 A/R - CREDIT SALES	54644	405NY	456CEA	5457,298.26	Sears
11331 A/R - CREDIT SALES	54645	405NY	456CEA	51,045,378.62	Sears
11333 A/R - Citi Other Re	35008	405NY	456CEB	54,048,481.57	Sears
11333 A/R - Citi Other Re	35009	405NY	456CEB	52,695,696.33	Sears
11333 A/R - Citi Other Re	35010	405NY	456CEB	52,469,144.64	Sears
11333 A/R - Citi Other Re	35011	405NY	456CEB	52,688,997.86	Sears
11333 A/R - Citi Other Re	35012	405NY	456CEB	52,585,359.11	Sears

Regards,  
Noemi McAndrews,  
GRA, LLC.  
noemcandrews@gmail.com  
201-543-3646

[Quoted text hidden]

Anderson, Andrea M. <Andrea.Anderson@searshc.com>  
To: Noemi McAndrews <noemcandrews@gmail.com>

Thu, May 9, 2019 at 11:09 AM

Noemi - Please see below. Funds deposited into bank account 4xx35468.

Account	Description	Location	Current YTD	Comments
11330 A/R - New Account B		35013	502,925.44	Wire received 2/7/19
11330 A/R - New Account B		54644	218,907.56	Settlement received 2/15/19
11330 A/R - New Account B		54645	787,678.42	Settlement received 2/15/19
11331 A/R - Credit Sales		54644	457,298.26	Settlement received 2/15/19
11331 A/R - Credit Sales		54645	1,045,378.62	Settlement received 2/15/19
11333 A/R - Citi Other Re		35008	4,048,481.57	Settlement received 2/15/19
11333 A/R - Citi Other Re		35009	2,695,696.33	Wire for \$2M received 2/20/19; \$676K balance remaining
11333 A/R - Citi Other Re		35010	2,469,144.64	Wires & settlement received in Feb 2019
11333 A/R - Citi Other Re		35011	2,688,997.86	Settlement received 2/15/19
11333 A/R - Citi Other Re		35012	2,585,359.11	Wires totaling \$2.55M received in Feb & Mar 2019; \$35K remaining

Thank you.

Andrea Anderson

Manager, Business Controller - Vendor Allowances, Financial Services, & Marketing

Transform ER Holding Management LLC

OS 1568

847-286-2756

Andrea.Anderson@searshc.com

From: Noemi McAndrews [mailto:noemcandrews@gmail.com]  
Sent: Thursday, May 09, 2019 9:00 AM  
To: Anderson, Andrea M. <Andrea.Anderson@searshc.com>  
Subject: Re: 11333 A/R CITI OTHER RECEIVABLES

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Noemi McAndrews <noemcandrews@gmail.com>  
To: Andrea.Anderson@searshc.com

Wed, Jun 5, 2019 at 12:28 PM

Hello Andrea,

Please provide me with a copy of the wire that was received on 2/7 for account 11330 in the amount of \$902,925.44.

Regards,  
Noemi McAndrews,  
GRA, LLC.  
noemcandrews@gmail.com  
201-543-3646

[Quoted text hidden]

Anderson, Andrea M. <Andrea.Anderson@searshc.com>  
To: "Quinn, Jodie" <Jodie.Quinn@sracweb.com>  
Cc: Noemi McAndrews <noemcandrews@gmail.com>

Wed

Jodie – Can you please provide the wire details for the below?

Acct Paying	From	Account	Day	Entry Number	Amount	Cash	Description	Doc Date	Doc Num	Posting Date	Ref: Num 1	Ref: Num 2	Ref: Num 3	Ref: Num 4
				CSH		-902,925.44	02/07/2019 IncmgWire	2/7/2019	195	3/1/2019	xx4120	589092	jquin30	Sears TWEB

[Quoted text hidden]  
[Quoted text hidden]

Noemi McAndrews <noemcandrews@gmail.com>  
To: Eugene Lavrov <Eugene.Lavrov@ey.com>, Ryan P Rowan <ryan.rowan@ey.com>, Joseph Weaver <Joseph.Weaver@ey.com>, Dwight A Scales <Dwight.A.Scales@ey.com>

Thu, Jun 6, 2019 at 3:17 PM

[Quoted text hidden]

Noemi McAndrews <noemcandrews@gmail.com>  
To: "Quinn, Jodie" <Jodie.Quinn@sracweb.com>  
Cc: "Anderson, Andrea M." <Andrea.Anderson@searshc.com>

Fri, Jun 14, 2019 at 10:32 AM

Jodie,

I am following up on Andrea's request for a copy of the wire details for \$902k payment listed on the original message from Andrea. We are preparing a file to present this payment along with others (we already have the support) for leadership.

Your attention to this request will be greatly appreciated.

Regards,  
Noemi McAndrews,  
GRA, LLC.  
noemcandrews@gmail.com  
201-543-3646

[Quoted text hidden]

Quinn, Jodie <Jodie.Quinn@sracweb.com>  
To: Noemi McAndrews <noemcandrews@gmail.com>

Fri, Jun 14, 2019 at 10:33 AM

I am currently out of the office, please direct any urgent questions to the people listed below. Otherwise I will advise on my return.

Armored Carrier questions-Sears / Kmart	Andrea.Cuervo@searshc.com
Armored Carrier questions-SHO	Don.Steele@SHOS.com
Sears & Kmart-change order/ banking questions	Patricia.Valentina@searshc.com
Sears & Kmart- wire questions	Laurie.Skinner@searshc.com
SHO – wire questions	Treasury@shos.com
To Escalate	CashManagement@searshc.com



# **Exhibit M**



Noemi McAndrews <noemcandrews@gmail.com>

---

**FW: Mars Pet Outstanding Check.**

7 messages

---

**Holter, Dawn** <Dawn.Holter@searshc.com> Tue, Jun 11, 2019 at 10:01 AM  
To: "Romas, Chris" <Chris.Romas@searshc.com>, William Jacobs <jacobsw123@gmail.com>, Nader Tavakoli <ntavakoli@eaglerockcapital.com>, Noemi McAndrews <noemcandrews@gmail.com>

All,

With regard to the dr balance for Mars Petcare pay duns # 8285991 the receivable showing is due to refund not being applied against the vendors detail; this was outstanding as of Dec 2018. Funds were receipted Dec 21 2018 but were sitting in unapplied cash.

There's two more payments receipted from Mars but I've reached out to the business for that detail.

Thank you.

Dawn Holter

Manager, Business Controller

Transform SR Holding Management LLC

Direct (847) 286-3788

Fax (847) 286-8900

---

**From:** Holter, Dawn  
**Sent:** Tuesday, June 11, 2019 8:59 AM  
**To:** Malhotra, Ansh (Contractor) <Ansh.Malhotra@searshc.com>  
**Cc:** Seale, William <William.Seale@searshc.com>; Negi, Kavita (Contractor) <Kavita.Negi@searshc.com>; Sati, Diksha (Contractor) <Diksha.Sati@searshc.com>; Flores, Abel <Abel.Flores@searshc.com>; Biagioli, Laura <Laura.Biagioli@searshc.com>; Skoneczka, Alice <Alice.Skoneczka@searshc.com>; Singh, Harman (Contractor) <Harman.Singh@searshc.com>; Corbat, Ken <Ken.Corbat@searshc.com>  
**Subject:** RE: Mars Pet Outstanding Check.

I sent email to business to find out what the two smaller amounts pertain to.

PERIOD	Description	Cost	Misc 1	Misc 3	Locn	Account	Div
201811	12/21/2018 IncmgWire Intrl	(503,450.66)	MARS PETCARE CRD	LSKINN5	8500	19270	530

The \$503,450.66 is refund for canceled orders per CIA payment processed 12/13/18 (in the same amount). The money should be applied to the vendors detail pay duns # 8285991.

Please advise if any questions.

---

**From:** Malhotra, Ansh (Contractor)  
**Sent:** Tuesday, June 11, 2019 7:20 AM  
**To:** Holter, Dawn <Dawn.Holter@searshc.com>  
**Cc:** Seale, William <William.Seale@searshc.com>; Negi, Kavita (Contractor) <Kavita.Negi@searshc.com>; Sati, Diksha (Contractor) <Diksha.Sati@searshc.com>; Flores, Abel <Abel.Flores@searshc.com>; Biagioli, Laura <Laura.Biagioli@searshc.com>; Skoneczka, Alice <Alice.Skoneczka@searshc.com>; Singh, Harman (Contractor) <Harman.Singh@searshc.com>  
**Subject:** Re: Mars Pet Outstanding Check.

Hi Dawn,

Good Morning.

Please update us on the below email.

Have a nice day!

Thanks & Regards

*Ansh Malhotra*

Vendor Accounting Team

Phone: +1-888-334-3830 Ext: 5538033

Fax: 847-747-1455

Email: ansh.malhotra@searshc.com

---

**From:** Singh, Harman (Contractor)  
**Sent:** 28 May 2019 13:54  
**To:** Holter, Dawn  
**Cc:** Seale, William; Negi, Kavita (Contractor); Sati, Diksha (Contractor); Malhotra, Ansh (Contractor); Flores, Abel  
**Subject:** Re: Mars Pet Outstanding Check.

Hi Dawn,

Hope you are doing good.

Please update us on the below email.

Thank you.

Regards

Harman Singh  
Transform SR Holding Management LLC

Ph.: +1 888 334 3830

Ext: 5538027

---

**From:** Singh, Harman (Contractor)  
**Sent:** Wednesday, May 22, 2019 12:21 PM  
**To:** Holter, Dawn  
**Cc:** Seale, William; Negi, Kavita (Contractor); Sati, Diksha (Contractor); Malhotra, Ansh (Contractor)  
**Subject:** Re: Mars Pet Outstanding Check.

Hi Dawn,

Hope you are doing good.

We have not received the check for \$127.27 in our account, however we have some open amounts line items for Mars pet which is pending in our account.

Please provide us the details so that we can apply the amount.

PERIOD	Description	Cost	Misc 1	Misc 3	Locn	Account	Div
201811	12/21/2018 IncmgWire Intrl	(503,450.66)	MARS PETCARE CRD	LSKINN5	8500	19270	530
201902	03/06/2019 IncmgWire Intrl	(20,256.75)	MARS PETCARE CR	LSKINN5	8500	19270	530
201901	02/05/2019 IncmgWire Intrl	(44,256.19)	MARS PETCARE CR	LSKINN5	8500	19270	530

Thank you.

Regards

Harman Singh  
Transform SR Holding Management LLC

Ph.: +1 888 334 3830

Ext: 5538027

---

**From:** Holter, Dawn  
**Sent:** Wednesday, May 22, 2019 10:00 AM  
**To:** Seale, William; Singh, Harman (Contractor)  
**Subject:** FW: Mars Pet Outstanding Check.

Please advise if you have record of receiving below check from Mars Pet.

Thank you.

Dawn Holter  
Manager, Business Controller  
Transform SR Holding Management LLC  
Direct (847) 286-3788  
Fax (847) 286-8900

---

**From:** Lorman, Olga  
**Sent:** Wednesday, May 22, 2019 9:57 AM  
**To:** Holter, Dawn <Dawn.Holter@searshc.com>  
**Subject:** FW: Mars Pet Outstanding Check.

Hi Dawn,  
  
Are you able to assist?

Thank you.

---

**From:** Brian Tubbs [mailto:brian.tubbs@advantagesolutions.net]  
**Sent:** Wednesday, May 22, 2019 7:44 AM  
**To:** Lorman, Olga <Olga.Lorman@searshc.com>  
**Subject:** Mars Pet Outstanding Check.

Enterprise Security Team Alert: This email originated from outside of the organization. Please use caution when opening messages from external sources.

Olga,

Would you be able to check with your accounting department to see if had received the below check. If not mars will cancel and resubmit.

To check no.	Pmnt date	DocumentNo	Customer	Name of the payee	Amount	Assignment
	2/8/2019			K-MART CORP	127.27	

Brian Tubbs  
Business Sales Manager  
Advantage Solutions  
16700 West Victor Road  
New Berlin, WI 53151





Save Cancel Print Add New Payment/Deduction Payment Deduction Expense Document Mode

Document #	Invoice Date	Pay Date #	EC #	Job #	Total Quantity	Total Amount (\$)	EC Set	Reason Code	Internal Comment	Item #
02052019	05/11/19	0205091		00500	1	44266.10	<input checked="" type="checkbox"/>	Cancel or adjust pay	applied on accou	

Total Pay/Ded Amt (\$): 44266.10

Save Clear

Claim Details

Item	Qty	Unit Cost	Unit Sell	LT RSN	RSN	Product #	Qty	Extended Cost	Internal Comment
	1	44266.10						44266.10	applied on account as per

Save Clear

Thanks & Regards

*Ansh Malhotra*

Vendor Accounting Team

Phone: +1-888-334-3830 Ext: 5538033

Fax: 847-747-1455

Email: ansh.malhotra@searshc.com

From: Singh, Harman (Contractor)

Sent: 12 June 2019 07:11

To: Corbat, Ken; Holter, Dawn; William Jacobs; Noemi McAndrews

Cc: Seale, William; Negi, Kavita (Contractor); Sati, Diksha (Contractor); Malhotra, Ansh (Contractor)

Subject: Re: Mars Pet Outstanding Check.

Thanks for your help Ken yes you are right.

The below three payments was received in our normal bank account which is [REDACTED]

Thank you.

Regards

Harman Singh

Transform SR Holding Management LLC

Ph.: +1 888 334 3830

Ext: 5538027

From: Corbat, Ken

Sent: Wednesday, June 12, 2019 6:21 AM

To: Holter, Dawn; Singh, Harman (Contractor); William Jacobs; Noemi McAndrews

Cc: Seale, William; Negi, Kavita (Contractor); Sati, Diksha (Contractor); Malhotra, Ansh (Contractor)

Subject: RE: Mars Pet Outstanding Check.

Based on the wire dates I probably believe all three came in our normal AR bank account and the fact treasury did a booking on these also tells me they are in are normal bank account.

**From:** Holter, Dawn

**Sent:** Tuesday, June 11, 2019 4:25 PM

**To:** Singh, Harman (Contractor) <Harman.Singh@searshc.com>; William Jacobs <jacobsw123@gmail.com>; Noemi McAndrews <noemcandrews@gmail.com>

**Cc:** Seale, William <William.Seale@searshc.com>; Negi, Kavita (Contractor) <Kavita.Negi@searshc.com>; Sati, Diksha (Contractor) <Diksha.Sati@searshc.com>; Malhotra, Ansh (Contractor) <Ansh.Malhotra@searshc.com>; Corbat, Ken <Ken.Corbat@searshc.com>

**Subject:** RE: Mars Pet Outstanding Check.

Harman,

Are you able to let Bill (William) and Noemi know which bank account below funding was receipted in?

Please advise -- thank you.

Dawn

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[Quoted text hidden]

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**Noemi McAndrews** <noemcandrews@gmail.com>  
To: "Malhotra, Ansh (Contractor)" <Ansh.Malhotra@searshc.com>

Wed, Jun 12, 2019 at 11:52 AM

Hi Ansh,

How about the \$503k wire that was covering a CIA from 2018? Did you created that entry to clear that wire?

**Regards,**  
**Noemi McAndrews,**  
**GRA, LLC.**  
**noemcandrews@gmail.com**  
**201-543-3646**

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---

**Malhotra, Ansh (Contractor)** <Ansh.Malhotra@searshc.com>  
To: Noemi McAndrews <noemcandrews@gmail.com>

Wed, Jun 12, 2019 at 12:11 PM

Hi Noemi,

Hope you are doing good.

Yes,I have created the entry of amount **\$503450.66** to clear the wire.

Have a nice day!

Thanks & Regards

**Ansh Malhotra**

Vendor Accounting Team

Phone: +1-888-334-3830 Ext: 5538033

TRFM-00018657

Vendor Accounting Team

Phone: +1-888-334-3830 Ext: 5538033

Fax: 847-747-1455

Email: ansh.malhotra@searshc.com

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**From:** Noemi McAndrews <noemcandrews@gmail.com>

**Sent:** 12 June 2019 11:57:48

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**Flores, Abel** <Abel.Flores@searshc.com>

Wed, Jun 12, 2019 at 4:51 PM

To: "Malhotra, Ansh (Contractor)" <Ansh.Malhotra@searshc.com>

Cc: "Seale, William" <William.Seale@searshc.com>, "Corbat, Ken" <Ken.Corbat@searshc.com>, "Holter, Dawn" <Dawn.Holter@searshc.com>, "KANOJIA, ANUSHRUTI" <ANUSHRUTI.KANOJIA@searshc.com>, "Singh, Harman (Contractor)" <Harman.Singh@searshc.com>, William Jacobs <jacobsw123@gmail.com>, Noemi McAndrews <noemcandrews@gmail.com>, "Negi, Kavita (Contractor)" <Kavita.Negi@searshc.com>, "Sati, Diksha (Contractor)" <Diksha.Sati@searshc.com>

Approved

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# **Exhibit N**



Noemi McAndrews &lt;noemcandrews@gmail.com&gt;

**Re: Owner of account 15340**

2 messages

**William Jacobs** <jacobsw123@gmail.com>

To: "Drilling, Patricia" &lt;Patricia.Drilling@searshc.com&gt;, noemcandrews@gmail.com

Mon, Jun 3, 2019 at 8:31 PM

No problem. This is the first I've asked in a while. Just get it when you can.

Thanks

Sent from my iPhone

On Jun 3, 2019, at 7:08 PM, Drilling, Patricia <Patricia.Drilling@searshc.com> wrote:

Bill,

I wasn't aware you had requested another update. I'll work on it but this is fiscal close week so those activities have to be my team's top focus. I'll send you something as soon as I have it

---

**From:** William Jacobs [mailto:jacobsw123@gmail.com]

**Sent:** Monday, June 03, 2019 6:09 PM

**To:** Drilling, Patricia <Patricia.Drilling@searshc.com>

**Subject:** Re: Owner of account 15340

---

**Enterprise Security Team Alert:** This email originated from outside of the organization. Please use caution when opening messages from external sources.

Patricia,

Thank you. Do you have any update on the collection of receivables for the #11140 accounts for Kmart and Sears?

Thanks,

Bill

On Thu, May 30, 2019 at 1:23 PM Drilling, Patricia <Patricia.Drilling@searshc.com> wrote:

Bill,

I apologize for not getting back to you sooner but I've been tied up on some other issues. My team owns the reconciliation of account 15340 and I've attached the account reconciliation for Per 12, 2018 ending 2/2/19.

We had a balance of \$161,062.06 as of 2/2/19 which is detailed by individual store location on the tab titled "3 Day Sales Breakup"

The activity in this account represents the payout of funds by a Xmart store to individual consumers who received funds wired to them by another consumer via Western Union and is commonly referred to as "Checkless Payment". The ending balance in this account represents the final 3 days of activity for the fiscal period as Western Union settles the account on a delayed basis.

I've pasted immediately below the extract from our Treasury site showing the receipt of funds of \$160,915.07 to bank account ending 7769 from Western Union received on Feb 4<sup>th</sup> and 5<sup>th</sup>. Variances of the amount recorded by the individual store vs reimbursement from Western Union are recorded to store over / short P&L account (GL account 56110) which for Period 12 was a variance of \$143.99

Date	Account Number	Match	BAI Code	Amount	GL Unit	GL Account	Category	Debit/Credit	Description	BAI Record	CL Tran date at Store
2/4/2019	[REDACTED]	%WESTERN%UNION%	165	\$40,736.29	8500	15340	Store Receipt	CREDIT	Preauthorized Ach Credit	[REDACTED] [REDACTED]/WESTERN UNION DES:CKLESSPYMT ID: [REDACTED] INDN:K MART CO [REDACTED]	1/31/2019
2/5/2019	[REDACTED]	%WESTERN%UNION%	165	\$59,902.42	8500	15340	Store Receipt	CREDIT	Preauthorized Ach Credit	[REDACTED] [REDACTED]/WESTERN UNION DES:CKLESSPYMT ID: [REDACTED] INDN:K MART CO [REDACTED]	2/2/2019
2/5/2019	[REDACTED]	%WESTERN%UNION%	165	\$60,279.36	8500	15340	Store Receipt	CREDIT	Preauthorized Ach Credit	[REDACTED] [REDACTED]/WESTERN UNION DES:CKLESSPYMT ID: [REDACTED] INDN:K MART CO [REDACTED]	2/1/2019

\$160,918.07

Thank you,

Patricia Drilling

Director, Accounting Services

Phone: 972-633-7503

Email: [patricia.drilling@searshc.com](mailto:patricia.drilling@searshc.com)**From:** William Jacobs [<mailto:williamjacobs123@gmail.com>]**Sent:** Friday, May 24, 2019 9:10 AM**To:** Stopen, Keith <[Keith.Stopen@searshc.com](mailto:Keith.Stopen@searshc.com)>; Huron, Mollie <[mollie.huron@searshc.com](mailto:mollie.huron@searshc.com)>**Subject:** Owner of account 15340

Enterprise Security Team Alert: This email originated from outside of the organization. Please use caution when opening messages from external sources.

Keith / Mollie,

Can either of you provide me with name of the account owner for #15340. I'm trying to track down a receivables balance of \$200K from 2/2/19 to determine the validity of it.

Thanks,

--



Regards,

Bill Jacobs

GRA, LLC

[jacobsw123@gmail.com](mailto:jacobsw123@gmail.com)

201 723.6430

This message, including any attachments, is the property of Transform HoldCo LLC and/or one of its subsidiaries. It is confidential and may contain proprietary or legally privileged information. If you are not the intended recipient, please delete it without reading the contents. Thank you.

--

Regards,

Bill Jacobs

GRA, LLC

[jacobsw123@gmail.com](mailto:jacobsw123@gmail.com)

201 723.6430

This message, including any attachments, is the property of Transform HoldCo LLC and/or one of its subsidiaries. It is confidential and may contain proprietary or legally privileged information. If you are not the intended recipient, please delete it without reading the contents. Thank you.

Noemi McAndrews <[noemcandrews@gmail.com](mailto:noemcandrews@gmail.com)>  
To: Noemi <[noemcandrews@gmail.com](mailto:noemcandrews@gmail.com)>

Fri, Jun 14, 2019 at 8:04 AM

Regards,  
Noemi McAndrews,  
GRA, LLC.  
[noemcandrews@gmail.com](mailto:noemcandrews@gmail.com)  
201-543-3646

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